



**SAMART**  
*Digital*



# Message from the Board of Directors

The Thai economy in 2019 was adversely affected by the US-China trade war that cause global trade value to slow down and exports to decrease rapidly. The growth rate of the Thai economy in 2019 is at 2.4 percent, which is rapidly declining from the year 2018 in which the economy grew by 4.1 percent. The private investment in Thailand has continued to grow at a low level since 2013 from the political stability issues, the increase in labor wages and restrictions on the number of labor force according to the aging society. In the year 2019, private investment grew by only 2.8 percent. The delay of the 2020 budget bill causes delays in budget disbursement and limit the ability of the government to issue additional stimulus measures in early 2020. The most devastating effect on the Thai economy at the beginning of 2020 is the Covid-19 outbreak due to the high reliance on tourism revenue compared to other countries. The Covid-19 outbreak also affect the reduction of domestic consumption from panic over the Covid-19 outbreak.

During the past 3 years, there were changes in the organization structure and the business itself to enhance the services in accordance with the global trend in the digital era. The Company has shifted to complete digital services and focused on operating businesses with recurring income. The Company closed down the business that do not generate income, and reorganized the workforce in accordance with the business structure.

Executives and employees at all levels therefore have the same goal and cooperate as one team in offering products and services that focus on creating technological innovation and value for customers with unlimited solutions to meet various customer needs and support to promote good relations with customers and business partners for sustainable mutual growth. The Board of Directors will oversee business operations in accordance with the Company's strategy and policy with regard to all stakeholders under the principles of good corporate governance together with participation in social and environmental responsibility for sustainable growth of business.

On behalf of Samart Digital Public Company Limited, the Board of Directors would like to express our sincere gratitude to all shareholders, customers, business partners, executives, employees and all stakeholders for their support and trust. This is the driving force behind the Company's business.



(Mr. Piyapan Champasut)  
Chairman of the Board of Directors  
Samart Digital Public Company Limited



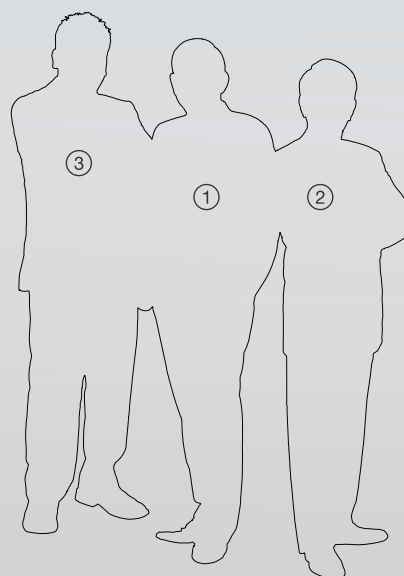
(Mr. Watchai Vilailuck)  
Executive Chairman  
Samart Digital Public Company Limited



## Board of Directors

As of December 31, 2019

1. Mr. Piyapan Champasut
  - Chairman of the Board of Directors
  - Independent Director
  - Audit Committee Member
2. Dr. Chotivid Chayavadhanangkur
  - Independent Director
  - Chairman of the Audit Committee
  - Chairman of the Corporate Governance Committee
  - Nominating and Compensation Committee Member
3. Mr. Kunthit Arunyananda
  - Independent Director
  - Audit Committee Member
  - Chairman of the Nominating and Compensation Committee
  - Corporate Governance Committee Member







## Board of Directors

As of December 31, 2019

4. Mr. Watchai Vilailuck

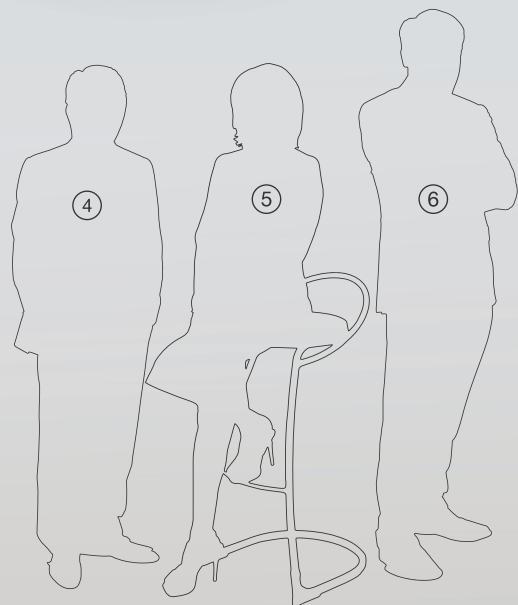
- Authorized Director
- Chief Executive Officer
- Executive Chairman
- Chairman of the Risk Management Committee

5. Mrs. Sukanya Vanichjakvong

- Authorized Director
- Executive Director
- Nominating and Compensation Committee Member
- Corporate Governance Committee Member
- Risk Management Committee Member
- Chairman of the Sustainable Development Committee

6. Mr. Charoenrath Vilailuck

- Director
- Risk Management Committee Member



## Vision

Sustainable growth through Integrated Broadband Communication to ease everyday life

## Mission

- Focusing on great customer experience on products through all touch points including software solutions and service to create beyond customer expectation
- Creating innovative content and application platform through various digital mediums in order to serve customer needs where as seeking for developing mutual sustainable growth with potential partners

## Corporate Culture

- Think Ahead
- Customer Focus
- Team of Professionals
- Commit to excellence

## Business Direction

Focusing on updated digital business development to harmonize consumer rapid trend with new distribution channel and new content media channel continuously

# Contents

Message from the Board of Directors	001
Board of Directors	002
Vision, Mission, Corporate Culture and Business Direction	004
Report of the Executive Committee	006
Report of the Audit Committee	007
Report of the Corporate Governance Committee	009
Report of the Sustainable Development Committee	010
Report of the Risk Management Committee	011
Report of the Nominating and Compensation Committee	012
Corporate Social Responsibility	013
Financial Highlights	025
Policy and Overview of Business	026
Nature of Business	031
Business Structure	032
Revenue Structure	033
Information of Subsidiary Companies	034
Changes during the Year	036
Industry and Competition	037
Risk Factors	039
Shareholders	041
Dividend Payment Policy	042
Management Structure	043
Corporate Governance	057
Internal Control and Risk Management	092
Anti-Corruption	096
Connected Transactions	099
Management Discussion and Analysis	103
Report of the Board of Directors' Responsibilities for the Financial Reports	108
Independent Auditor's Report	109
Financial Statements	114
Remuneration of the Auditors	174
Directors, Management, Controlling Person, Company Secretary and Head of Internal Audit	175
General and Other Information	186

# Report of the Executive Committee

Dear Shareholders

The Company strongly believes in the importance of managing the business operations according to the Company's business policies and plans, including any initiatives mandated by the resolutions of the Board of Directors and Shareholders meetings. All such implementations needed to be done have to be executed in strict adherence to the Company's Corporate Governance Policy and Business Ethics. Consequently, the Board of Directors appointed the Executive Committee to analyze and appraise numerous important issues prior to further consideration by the Board of Directors. Moreover, as a written guideline, the charter of the Executive Committee has been provided in order to clearly specify composition, qualification, term of post, roles and responsibilities of the Executive Board as well as details of meeting arrangement and report to the Board of Directors of the Company.

In 2019, the Executive Committee conducted 11 meetings to consider numerous matters concerning the Company. Results from the meeting, including the comments and recommendations, have been reported to the Board of Directors for consideration. The significant matters considered during the year were summarized below:

- Establish strategy and plan of the Company and its subsidiaries including problem resolution guidelines for each line of business operations on a quarterly basis. Every year, the Company arranges at least 2 management meetings where the participants are the manager level onwards to convey its operation plans and strategies to the management and the employees for their acknowledgement and compliance.
- Review and monitor business operations of the Company and its subsidiaries and provided advices for any problems may have to achieve business target.
- Analyze and assess annual salary increment and bonus. The salary increase and bonus allocation are in line with the Company's operating performance and commensurate with the industry's average remuneration. This recommendation was submitted to the Nominating & Compensation Committee for further consideration.
- Review the duties and responsibilities of the Executive Committee in accordance with the situation.
- Analyze and appraise numerous important issues mandated by the Board of Directors such as investment, fiscal year budget as well as consideration on promotion and new hire manpower.

The Executive Committee is intent to perform its duties to the utmost honesty, caution, and thoroughness with the objectives of ensuring the Company's highest benefits, equity and fairness to all shareholders and stakeholders. To be sure, the Executive Committee seeks monitors all company's systems to ensure the strictest adherence to all rules and regulations, Company's Objectives and Articles of Association, and comply with the good corporate governance principle in order to fulfill the targets on enhancement of stability and growth on continued basis which can further lead to the sustainable growth of business.



(Mr. Watchai Vilailuck)

Executive Chairman

Samart Digital Public Company Limited



# Report of the Audit Committee

Dear Shareholders

The Audit Committee of Samart Digital Public Company Limited consists of 3 independent directors with combined experience in finance, accounting, and business administration named Dr. Chotivid Chayavadhanangkur as Chairman of the Audit Committee, Mr. Piyapan Champasut and Mr. Kunthit Arunyananda as committee members. All members possess adequate qualifications as required by the Audit Committee Charter and the regulations of the Securities and Exchange Commission of Thailand and the Stock Exchange of Thailand.

The Audit Committee operates independently and performs its duties and responsibilities as assigned by the Board of Directors in overseeing the corporate governance and the internal control systems to ensure that the Company's business operations are carried out for the interests of its shareholders and other stakeholders and that the Management execute their duties with integrity, accountability, and in accordance with the Company's policies. The Audit Committee conducted 4 meetings in 2019, to discuss and share opinions with management, internal auditors and external auditor on matters related to the meeting agenda which was summarized below:

- The Audit Committee reviewed the quarterly and yearly financial statements and Management Discussion and Analysis of the Company and its subsidiaries throughout the significant accounting policies in consultation with management and external auditors. The Audit Committee's opinion was that the financial reporting was in accordance with Thai Financial Reporting Standards and present fairly, reliability and adequate disclosure. In addition, the Audit Committee also conducted an exclusive meeting with the external auditor without the management attending in order to freely discuss the information that is important for the preparation of financial statements.
- The Audit Committee reviewed the adequacy and effectiveness of risk management, internal control systems and internal audit from the internal audit report to ensure that the Company's operation was operated, controlled and monitored efficiently, effectively and achieved the goal.
- The Audit Committee reviewed internal audit activities by considering the independent of Internal Audit Department, the manpower and resources needed to perform the internal audit function including the performance evaluation of the Internal Audit Head and internal audit department, and also provided recommendation to support the internal audit activities to perform independently, effectively and efficiency.
- The Audit Committee reviewed the Company's compliance with the Securities and Exchange Act, regulations of the Securities and Exchange Commission, the Stock Exchange of Thailand and other laws related to the Company's business operations as well as business commitments with third party agreements. The Audit Committee's opinion was that the Company fully complied with the aforementioned regulatory requirements in all material respects.
- The Audit Committee considered the nomination and proposed for the appointment of the external auditor and annual audit fee for 2019. This process entailed assessment of the current external auditor for its independence, performance from the year before, competency, experience and with competitive audit fee. After careful consideration, the Audit Committee therefore proposed the Board of Directors and shareholders meeting to appoint EY Office Limited as the external auditor of the Company and its subsidiaries for 2019.
- The Audit Committee reviewed and approved the annual internal audit plan of which based on the Company's strategies and risk based approach. The internal audit activities emphasized on the evaluation of the effectiveness of key preventive control as well as reviewed the evaluation of the Company's internal control system from internal audit report and internal control assessment results according to the internal Control Integrated Framework of The Committee of Sponsoring Organizations of the Tread Way Commission - Enterprise Risk Management (COSO - ERM) according to the SEC guideline. In addition, the Audit Committee also continuously reviewed and monitored the implementation of the recommendations in the report of the internal audit and the auditor in order to aware the root causes of issues and provide guidelines to prevent future potential loss to the Management.

- The Audit Committee reviewed the connected transactions or the transactions which might have conflicts of interest as well as disclosure of such transactions to ensure the compliance with rules and regulations prescribed by the Securities and Exchange Commission and other regulatory bodies and to certify that such aforementioned transactions were reasonable, transparent with adequate disclosure pursuant to the Good Governance Principles and for maximum benefits of the Company. The Audit Committee's opinion was that the Management conducted these transactions at an arm's length basis, with general business trading condition and reasonable price.
- The Audit Committee reported its activities to the Board of Directors by quarterly and provided useful recommendations, which were properly adopted.
- Review the duties and responsibilities of the Audit Committee in accordance with the situation.
- The Audit Committee conducted its self-assessment, the results in overall areas of assessment were excellent. This was shown that the Audit Committee perform all duties completely as assigned by the Board of Directors with knowledge, accountability with due care and be sufficient independence as well as give creatively opinion and recommendation for the benefit of all stakeholders.

In summary, the Audit Committee determined that the Board of Directors, Management, and Executive Directors had performed their duties with integrity and diligence in pursuit of the Company's goals. And the Company demonstrated commitment to effective and transparent Corporate Governance which included appropriate risk management and internal control system.



(Dr. Chotivid Chayavadhanangkur)  
Chairman of the Audit Committee  
Samart Digital Public Company Limited

# Report of the Corporate Governance Committee

Dear Shareholders

The Company realizes on the importance and utmost emphasizes on corporate governance, code of business conduct, and Company's framework of sustainable development to improve corporate governance for greater efficiency. The Board of Directors has established written Corporate Governance Policy and Business Ethics for practices of directors, executives and employees in order to create more transparency, competitiveness and strengthen the confidence to shareholders, investors and all related parties. Hence, the Corporate Governance Committee, which the Chairman is an Independence Director, is assigned to oversee and monitor the business operations in compliance with the Corporate Governance Principles.

In 2019, the Corporate Governance Committee conducted 2 meetings to follow up and consider various matters to support and promote the Company's Good Corporate Governance Practices. The Corporate Governance Committee had subsequently reported to the Board of Directors, which could be summarized below:

- Review the Company's corporate governance policy and business ethics to comply with the Principle of Good Corporate Governance. The Corporate Governance Committee has considered and reviewed the appropriateness of applying good corporate governance principles by means that are suitable for the Company's business to ensure that the Corporate Governance Policy conforms to related rules, regulations and international corporate governance criteria as well as beneficial to creating value for sustainable business.
- Review all committee charters to comply with the Principle of Good Corporate Governance, other related regulations and the Company policies.
- Monitor performances of the Committees to ensure the compliance with the Company's corporate governance policy and the Principle of Good Corporate Governance by specifying that all Committees should from time to time report their performances to the Board of Directors and provide annual performances report to shareholders in the Annual Report.
- Encourage the minority shareholders to propose the agenda and submitted any enquiries for consideration in the Annual General Meeting of Shareholders to comply with the Securities and Exchange Act and the Principle of Good Corporate Governance.
- Encourage the Board of Directors to conduct self-assessment of the Board of Directors, individual director, committees including CEO assessment and Corporate Secretary Assessment annually. Results and recommendations from such assessments will be considered for further improvement.
- Review the Company's Corporate Governance Report disclosed in the Annual Report to comply with the regulations of the SEC and the SET.

The Corporate Governance Committee carries out duties and responsibilities as assigned by the Board of Directors, and continues to review, update and develop the Company's Corporate Governance as well as emphasizes and recognizes the importance of the rights of all stakeholders equitably to achieve the objective and target with accuracy and transparency. Due to the continual monitor and development of the Company's Corporate Governance Practices, the Company scored "Excellent" or "5 Stars" in the 2019 Corporate Governance Report and was ranked in Top Quartile of the group of companies with market capitalization of more than Baht 3,000-9,999 million surveyed by Thai Institute of Directors Association (IOD). In addition, the Company scored "Very Good" (4TIA) from the survey on quality in convening the 2019 AGM surveyed by Thai Investors Association.



(Dr. Chotivid Chayavadhanangkur)

Chairman of the Corporate Governance Committee  
Samart Digital Public Company Limited

# Report of the Sustainable Development Committee

Dear Shareholders

The Board of Directors of Samart Digital Public Company Limited recognizes the importance of sustainable development that will lead to the business' sustainable growth and must develop in parallel with the recognition of social and environmental responsibility as well as corporate governance. Thus, the Board of Directors has appointed the Sustainable Development Committee to formulate policy framework and operational guideline regarding social and environmental responsibility of the Company.

In 2019, the Sustainable Development Committee conducted 2 meetings to follow up and consider various matters to ensure the compliance with the sustainable development policy and charter of the committee. The significant matters considered during the year were summarized below:

- Review the Company's sustainable development policy.
- Build up corporate culture that could encourage all employees to had conscious mind and devoted their efforts and personal time for benefits of communities as a whole, and promoted and educated the employees at all levels on social and environmental awareness to serve as guidelines on social and environmental conservation and development throughout the organization.
- Follow up the Corporate Social Responsibility activities during the year 2019.
- Conduct self-assessment of the Sustainable Development Committee and reported to the Board of Directors for development.
- Review the duties and responsibilities of the Sustainable Development Committee in accordance with the situation.
- Report performance to the Board of Directors and provided annual performances report to shareholders in the Annual Report.

The Sustainable Development Committee carries out the duties and responsibilities as assigned by the Board of Directors with utmost effort and focuses on developing the Corporate Social Responsibility activities coupled with managing the Company's business with the recognition of the Principles of Good Corporate Governance. The implementation of the sustainable development will not meet the target unless the valuable support from all stakeholders; shareholders, directors, management and employees including community and society associated with the operation of the Company ultimately leading to the sustainable growth of business.



(Mrs. Sukanya Vanichjakvong)  
Chairman of the Sustainable Development Committee  
Samart Digital Public Company Limited



# Report of the Risk Management Committee

Dear Shareholders

The Company's Risk Management Committee, which has been appointed by the Board of Directors, comprised of the Company's Executive Chairman as the Chairman and 3 directors as the members. In addition, top management has been assigned as working group.

The Company puts strong emphasis on management of risks of its businesses in order to accomplish the specified objectives and targets, as well as to prevent and reduce loss which may occur during business operations.

The Risk Management Committee has complied with such risk management policies and recommend various risk management guidelines to the management of the group of companies. In 2019, the Risk Management Committee held 3 meeting can be summarized as follows:

- Consider risk, impacts, risk management measures for 2018 and follow-up progress on risk management of the Group of Companies.
- Give recommendation to eliminate and reduce potential risks as well as instruct the management of each department to report its operating results to the Risk Management Committee continually and regularly.
- Review new risks to make them correspond to the current change of businesses in order to reduce material risks of the Company.
- Review the duties and responsibilities of the Risk Management Committee in accordance with the situation.

The Risk Management Committee determines to manage the Company to ensure that it has corporate governance and that risks are in acceptable levels with aims to enhance confidence that the Company's risk management is adequate and cover all business operations to achieve the targets specified.

A handwritten signature in black ink, appearing to read 'Watchai Vilailuck'.

(Mr. Watchai Vilailuck)

Chairman of the Risk Management Committee  
Samart Digital Public Company Limited

# Report of the Nominating and Compensation Committee

Dear Shareholders

The Company realizes the importance of recruiting candidates to assume the positions of directors and top level executives as well as their appropriate remuneration packages. Consequently, the Board of Directors has appointed the Nominating and Compensation Committee, of which the Chairman is an Independence Director, to be responsible for screening and nominating candidates who are highly knowledgeable in their fields, capability, and have appropriate qualifications for director and top level executive positions, and setting policies and guidelines for remuneration package for directors, committee members and top executives.

In 2019, the Nominating and Compensation Committee conducted 3 meetings to consider numerous matters concerning the Company. The member who has an interest in any agenda shall be refrained from voting and not attend the meeting to consider that agenda. Results from the meeting, including the comments and recommendations, have been reported to the Board of Directors for consideration. The significant matters considered during the year were summarized below:

- Nominate and propose candidates who had knowledge and experience in business related to the Company's operation, and had full qualifications as the regulations of the SEC and the SET in order to assume the position of the Company's directors and committees in case of retiring by rotation.
- Screen the remuneration packages for directors and committees, any directors who have been assigned to take more responsibilities in any committee would receive additional compensation as appropriated.
- Consider criteria of annual salary increment and bonus in consultation with the Human Resource Department and the Executive Committee at an appropriate level and consistent with the strategy and goals of the Company including the Company's operating results and market conditions at all times to propose to the board for approval.
- Conduct self-assessment of the Nominating and Compensation Committee and reported to the Board of Directors for development.
- Review the duties and responsibilities of the Nominating and Compensation Committee in accordance with the situation.
- Review criteria and procedures for nominating directors, sub-committee and senior management to propose to the board for approval.
- Report performance to the Board of Directors and provided annual performances report to shareholders in the Annual Report.

The Nominating and Compensation Committee performs duties carefully, prudently, reasonably, transparency and independence as well as a commitment based on principles of equality, justice, transparency and accountability for comply with the principles of good corporate governance and international recognition for the highest benefits to shareholders and all stakeholders. The remuneration of the directors and management is considered at the appropriate level to create incentive to obtain work efficiency as well as retain knowledgeable and capable persons to work with the Company. The consideration is based on the authority, assigned responsibility, and operating results, as well as growth and the Company's performance, business liquidity and factors which may affect the Company or overall economic situation. The methods are in accordance with the Charter and related regulations and be comparable to other companies in the same industry.



(Mr. Kunthit Arunyananda)

Chairman of the Nominating and Compensation Committee  
Samart Digital Public Company Limited

# Corporate Social Responsibility

## Overall Policy

The Company conducts business by considering on responsibility to society and environment as well as good corporate governance for the sustainable growth of both the Company's business and society. Apart from CSR after process, which do continuously in form of various projects to promote innovation, charity events and donations, the Company concretes more action by setting up working group on social and environmental responsibility for sustainability of the business. The quorum consists of director, management and/or any qualified candidates to define policy framework and operational guideline on social and environmental responsibility so that they can use as guidelines on monitoring their progress and assessment of CSR operations to report to the Board of Directors. The Sustainable Development Committee shall convene the meeting at least twice a year.

## Roles and Responsibilities of the Sustainable Development Committee

1. Set policy and action plan for sustainable development to comply with the Company's business operation in term of economy, society and environment.
2. Encourage and support the Company's activities to achieve the SD policy.
3. Monitor, review, follow up the operational progress and evaluate the effectiveness of SD policy implementation.
4. Report the Company's SD operation to the Board of Directors.

## The Sustainable Development Policy

1. To conduct business based on good governance principle as well as social and environmental responsibility including others relating to sustainable development by primarily taking into consideration benefits of all stakeholders.
2. To build up corporate culture that can encourage all employees to have conscious mind while performing duties and also to have volunteer spirit which is willing to devote efforts and personal time for benefits of communities as a whole.
3. To promote and educate the employees at all levels on social and environmental awareness to serve as guidelines on social and environmental conservation and sustainable development throughout the organization.
4. To encourage on creation of social and environmental projects or activities including others relating to sustainable development.

As target to sustainable growth, the Company conducts business based on good governance principle and recognizes the importance of all stakeholders. The Company has considered and prioritized stakeholders as well as provided appropriate strategies for sustainable development of business as follows:

Stakeholder	Policies and Strategies
1. Customer	Provide trendy, high quality, reasonable price of product and service to meet the customers' diversity of needs as well as strengthen and maintain the good relationship between customers and the Company.
2. Employee	Respect for the individual privacy, provide fairly employment, develop the employees' skills and capability, provide both in-house and external training and educating course for more capability of employees, be aware of occupational safety and health of employee and also provide the appropriate compensation.
3. Trade partner	Systematically provide goods and services with the highest standard based on trading condition, contract and business ethics.
4. Shareholder	Operate all business affairs according to the principles of good Corporate Governance and Equitable Treatment for the highest benefits of every shareholder.

Stakeholder	Policies and Strategies
5. Creditors	Strictly follow to the agreements or any specific conditions
6. Society as a whole and communities	Give support to society and community in all activities, strengthen good relationship and give corporation for community sustainable development and concrete basis, to cultivate consciousness to the Company's employees on responsibility to the society, community and environment via media and internal activities continually.
7. Environment	Operate the business by considering on environmental conservation and security standard, support environment activities and conservation campaign as well as provide knowledge and training to the employees regarding environmental conservation.
8. Counterpart/Competitor	Conduct all business affairs under just rules and competitions, support free trading.

Details of policies for all stakeholders and implement of policies in the previous year disclosed in the section "Corporate Governance" under the topic "Business Ethics".

The Company prioritizes stakeholders in order to allocate resources as the defined priority for the highest efficiency and effectiveness of sustainable growth of business. Stakeholders who directly affect from the Company's operation are customers and employees. Therefore, the Company set vision, mission and Corporate Culture, aim to the Company's customers by providing trendy, high quality, reasonable price of products and services and select the integrated innovative products and services to meet the customers' needs as normal operation of the Company as follows:

#### **VISION**

Sustainable growth through Integrated Broadband Communication to ease everyday life

#### **Mission**

- Focusing on great customer experience on products through all touch points including software solutions and service to create beyond customer expectation
- Creating innovative content and application platform through various digital mediums in order to serve customer needs where as seeking for developing mutual sustainable growth with potential partners

#### **Corporate Culture**

- Think Ahead
- Customer Focus
- Team of Professionals
- Commit to excellence

The later significant stakeholder is the Company's employees. The Company realizes that all employees are valuable and crucial fundamental for the Company's sustainable success and growth. Thus, the Company provides fairly employment, tries to improve the employees' skills and capability, and provides both in-house and external training as well as educating course for more capability of employees. This includes educating and training courses related to CSR and anti-corruption as shown in "5. Fair Labor Practices", as well as setting up the Human Management and Development Policy as shown in the section "Management Structure" under the topic "Human Resources Management and Development Policy".

## Progress and Reporting

The Company conducts business in comply with the SD Policy and take into consideration all stakeholders. The policies regarding treatments to all stakeholders are defined in the Company's Business Ethics. Details were disclosed in the section "Corporate Governance" under the topic "Business Ethics" and were posted on the Company's website at [www.samartdigital.com](http://www.samartdigital.com). The SD policy comprises of 9 operating principles of conduct as follows:



1. Organization Governance
2. Fair Operating Practices
3. Anti-Corruption
4. Respect of Fundamental Human Rights
5. Fair Labor Practices
6. Consumer Responsibility
7. Contribution to the Community and Society
8. Environmental Conservation
9. Innovation and Publication of Innovation from the operations based on responsibility in society, environment and stakeholders

Progress of the above 9 operating principles of conduct are as follows:

## 1. Organization Governance

**Promote and make good governance principle become corporate culture, adhere to responsibilities for all stakeholders with transparency and auditability.**

The Company realizes on the importance of the Good Corporate Governance that will be the fundamental factor for improving standard of business operation to create more transparency, competitiveness and strengthen the confidence of all shareholders, investors and other related parties. Thus, written Corporate Governance Policy and Business Ethics, which comply with the Corporate Governance Principles of the Stock Exchange of Thailand (“the SET”), have been set up for practices of directors, managements and employees of the Company. The Company Secretary Division is responsible for compliance unit to supervise, oversee and ensure that the operations of the Company, directors and managements have been correctly complied with the regulations of the SET, the SEC and the Public Company Limited Act including other relevant laws. More details of the 2019 Corporate Governance undertaken by the Company were shown in “Corporate Governance”.

In past years, as the Company has proceeded to the principles of corporate governance, the Company scored “Excellent” or “5 Stars” in the 2019 Corporate Governance Report that was the highest score. There were only 193 listed companies from 677 listed companies or 29% of listed companies that got this highest score. The Company was also ranked in Top Quartile of the group of companies with market capitalization of more than Baht 3,000-9,999 million surveyed by Thai Institute of Directors Association (IOD). The Company will put the best effort to improve corporate governance even further. In addition, the Company scored “4 TIA” or “Very Good” from the survey on quality in convening the 2019 Annual General Meeting of Shareholders by Thai Investors Association.

## 2. Fair Operating Practices

**Determine to operate business with fairness and with ethical behavior, observe the laws and respect all social rules.**

The Company conducts business and manages work ethically. The Board of Directors has provided the business ethics manual for the Company’s directors, managements and employees to adhere as their practical guidelines on integrity, honesty, standardization, quality, moral and fairness. It also covers the administration of all stakeholder groups, i.e. shareholder, employee, customer, competitor, business partner, creditor including society and the environment. The practical guidelines including rights and benefits to all stakeholders have been specified in the Business Ethics for directors, managements and employees to comply. Such Business Ethics has been posted on the Company’s website at [www.samartdigital.com](http://www.samartdigital.com). Moreover, the Board of Directors also assign the Corporate Governance Committee to oversee performance of directors, managements and employees to ensure that they strictly adhere to this principle. For more details, please see in the section “Corporate Governance” under the topic “Business Ethics”.

### 3. Anti-Corruption

#### **Define the Anti-Corruption Policy and corporate into the Company's Code of Business Ethics Manual**

The Company recognizes the importance of conducting business with transparency, and anti-corruption in all aspects. The Corporate Governance Committees' Meeting has continual reviewed the Anti-Corruption Policy and propose to the Board of Directors' Meeting to approve and used the policy as the general practical guideline throughout the Company. The current anti-corruption policy covered the following issues:

- Political neutrality and political assistance
- Donation for charity and support fund
- Receiving and giving present, property or other benefits policies

Furthermore, General Operating Guidelines are as follows:

- The process of risk assessment and risk management.
- Protection
- Training and Communication
- Reporting Channels
- Regulatory and monitoring of the implementation of the policy.

Result of the implementation of such policy caused the following matters:

- No case of misconduct on corruption or breach of the Ethics. It found only fault that not complied with the Company's regulation and it was amended and clarified the correct procedures to the employees.
- No director and executive resigned due to the issues of corporate governance.
- No case of the Company's negative reputation as a failure result in the monitoring function of the Board of Directors.

The Company disclosed the policy in the Company's Business Ethics manual and posted it on website at [www.samartdigital.com](http://www.samartdigital.com) for all employees to adhere. Details of the Anti-Corruption policy, Operating Guidelines, result of the implementation of such policies and training course regarding protection and prevention of corruption were disclosed in the section "Anti-Corruption".

### 4. Respect of Fundamental Human Rights

**Put emphasis on fundamental human rights, promote and respect rights, freedom and equality. Do not support discrimination based on gender and social status and strongly prohibit child labor/forced labor.**

The Company adheres to human rights principle as a mutual operating principle. All employees shall not undertake any action or shall by no means support any action to violate any human rights. On the contrary, the Company shall create the knowledge-based-organization on human rights as well as cultivate consciousness to the Company's employees to make them adhere to and follow. The policy on non-human right violation has been stated in the Business Ethics manual as follows:

- Personal right and freedom:
  - The Company has policies that employee's personal information is the secret and shall not be sent or disseminated to unauthorized parties;
  - Disclosure or transfer of personal information only upon the owner's consent;
  - The human has right and freedom so long as not violate the right and freedom of others.

- Equal treatment:
  - All employees shall be treated equally and there shall not be and discrimination against race, nationality, language, religion, gender, age and education;
  - The employees shall value and respect each other and shall behave oneself appropriated with his/her duty pursuant to the regulations of the Company and the tradition and shall not damage the Company's image;
  - The Company allows the employees to express their potentials fully and shall fix appropriated remuneration pursuant to the Company's regulations and also provide opportunity to the employees to further their education both in university level as well as short term and long term training course;
  - Deliberation related to hiring and judgment of performance should be accurate and fair;
  - When performing the work, avoid expressing opinions that have to do with differences of physical and mind, race, nationality, language, religion, gender, age, education, or any other attribute likely to cause conflict;
  - Contribute to making the work environment free of oppression and injustice;
  - The employee shows respect and tolerance for each other's opinions.

## 5. Fair Labor Practices

**Create safety and healthy workplace, implement the employment conditions which are appropriated with fundamental labor laws as well as enhance skills of personnel on continued basis so that they can have better quality of life.**

The Company always realizes that all employees are the most valuable assets of the Company and they are the successful factors in making the Company achieve its objectives. The Company must respect and obey the laws and ethics in order to establish justice, stability and peace in the society. Therefore, the Company takes good care of and equally treats them with regarding to the opportunity, compensation, appointment, transfer including fair and appropriated welfares in various aspects as follows:

1. Respect for the right to work pursuant to the fundamental human right principles. Details are provided under "Corporate Governance" under the topic "Business Ethics" in "Non violation of human rights policies and practices".
2. Set up "Compensation & Benefit Policy" with comply with principles to employee motivation, internal impartiality and compensation standards, and job value to company. The Company essentially determines corporate compensation, benefit and welfare policy being compatible to position accountability, knowledge, and competence with business operation and up-to-date compare to leading companies in the same and diversified industry. The Company ensures that compensation, benefit and welfare policy aligned to legal regulation. The Company also set up reasonable remuneration packages according to market situations, business competitions, job descriptions, work qualities including assessment of company's performance on short term and long term based on company's capability to pay for that remuneration packages. In addition, the Company provides opportunities for employees to express opinions and file complaints related to their jobs. Those suggestions and complaints will be taken into consideration seriously for solutions to draw benefits to all parties and build up good relationship.

For welfare to the employees, the Company has group health insurance in case of in-patient for employees as well as group life insurance which covered all kinds of death, annual medical check-up and provident fund to secure their working life security. The Company also provides social security fund, loan for accident or sickness to employees, grant in case of the employee or his/her family died, fitness center and special discount for Company's products. More details were shown in the section "Corporate Governance" under the topic "Employee Policies".

3. Set up "Safety and Health Policy", the Company develops policy and system of safety and health of employees in accordance with the requirements of law and performs all necessary measures to ensure the safety of life and health of employees. Furthermore, the Company also has the practical guidelines concretely

such as appointment of the safety officers, training and cultivate consciousness of safety, occupational health and working environment for employees, annual evacuation drill in case of fire, fingerprint scanning system, medical examination, provide basic medical services as well as serving modern medicine and annual health check. More details were shown in the section of “Corporate Governance” under the topic of “Business Ethics” in “Employee policies”.

4. Set up “Human Resources Management and Development Policy” as below:

- Recruitment & Selection Policy: The Company set up strategy and HR policy by focus on optimizing the management and development of human resources. It also based on “Knowledge, Ability, Coupled with the Good People” with transparent recruitment process that is suitable for the right position and focus on success career to employee for sustainable growth of the Company.
- Employee Relation & Engagement Policy: The Company encourages people to work together as a team. Our focus is to create a corporate culture that values and the coordination and collaboration efficiency.
- Career Development Policy: The Company applied to categorize required business capabilities to Generic competency, Managerial Competency and Functional Competency for analyzing, planning, and leading to individual competency development with diversified development tools for all employee levels.
- Employee Training & Development Policy: The Company provides both in-house and external training to support and develop the executives and employee’s capabilities.
- Talent Management Policy and Succession Planning: The Company provides courses and/or tools to manage and develop the employees with excellent performance potential and career planning.

Details regarding Human Resources Management and Development Policy were shown in the section “Management Structure” under the topic “Human Resources” in “Human Resources Management and Development Policy”.

The Company is well aware that its existence and prosperity today owing to the support from the employees hence, the Company places emphasis and support on development of quality life of employees. In the past year, the activity undertaken by the Company was Lunch & Learn Project: emphasis on relationship among top executives and employees in form of two-way communication as a mean to communicate top management direction to all employees closely and directly percept employees’ innovative, improvement and other open-mind ideas to enhance SAMART business operations and other processes.

Moreover, in 2019 there were a various employee relation and employee engagement programs and activities to build synergy among employees, executives and organization i.e., Outing, Internal Survey Improvement Project and D-Club (CSR program), etc.

## **6. Consumer Responsibility**

### **Place importance on manufacturing products and provision of service with good quality and safety.**

The Company strongly believes in building confidence and bringing satisfaction to all customers. Since their trusts are critical to our business, the Company promotes the following policies:

1. Determine to provide and produce commodities and services that are trendy to satiate customers’ needs;
2. Provide high-quality products and services at reasonable price;
3. Provide accurate information without any exaggeration that may cause misunderstandings on product’s quality and quantity, or special conditions for each product and service;
4. Formulate procedures that permit customers to inform about drawbacks of the products or improper services, because those complaints are valuable for the Company to come up with immediate remedy and improvement for problematic products and services;
5. Provide effective after-sale services for customer’s convenience;
6. Guard all customers’ information as top secret and refuse to use them for personal benefits;



7. Support all activities that will strengthen, maintain, lasting and good relationship between the Company and customer.

Details were shown in the section “Corporate Governance” under the topic “Business Ethics” in “Treatment of Customers”.

## 7. Contribution to the Community and Society

### **Support and develop quality of life as well as prosperity of the community and society.**

The Company is well aware that its existence and prosperity today is owing to the support from the communities and the society, hence, the Company places robust emphasis and support on the development of quality of life, prosperity of the communities and Thai society. The regularly activities undertaken by the Company under such scope and practical guideline are as follows:

1. Strengthen good relationship in the organizations, both from public and private sectors, as well as the community leaders in various levels so that the works for community development can be harmoniously coordinated on sustainable and concrete basis;
2. To provide the buildings, materials including funds to oversee the livelihood condition and safety of the communities, for instance the construction of bus shelter in front of the Company’s office building, donation of rain coats and reflective coats to the traffic police in the areas of Pak Kred Local Police Station and Pak Klong Rangsit Local Police Station, support the learning materials and sport equipment to the schools in nearby areas, restoration of the temples and donation of money to the poor in the communities;
3. To raise funds and supply the necessities to help the disaster victims;
4. To cultivate consciousness to the Company’s employees on responsibility to the society, community and environment via media and internal activities continually.

All related activities were shown in “Activities for society and environment”.

## 8. Environmental Conservation

### **Conduct business by always taking into consideration of the environmental conservation and the use of resources in the meaningful way.**

The Company recognizes the duties and responsibilities to environment, the Company has policies to:

1. Operate the business by taking into consideration of conservation and security standard, and also be civility to follow the law and related regulations;
2. Be responsible to utilize natural resources in form of raw materials, investments, human resources, and energies in prudent manners;
3. Support care taking environment activities and conservation campaign continually.

The Company has a policy to strengthen and provide knowledge and training on environment to the employees in the organization, in order to be aware of environmental responsibility as follows:

1. The Company has arranged campaign to cultivate conscious mind on environment and natural resources through employee participation activities;
2. The Company supports environment conservation to social and other organizations as well as disseminating news and information on environment in order to build up image and good understanding on environmental management;
3. The Company has policies to foster the guideline of responsibility to environment for understanding the importance of environment by training the employee continuously for efficient environment system.

In 2019, the activities arranged by Samart Group included:

### Development of products and services valuable to the environment

The Company has developed products and services in line with environmental conservation and environmental safety standards as well as offering telecommunication services with care of environment.

### Making employee aware of the valuable resources usage

The Company has promoted environmental care and efficient use of resources among its employees via both internal communications and continuous energy-saving campaigns through interesting means that corresponds with the current situation, yielding maximum benefit to the employees every year.

In 2019, Samart Group promoted the following activities:

- **We Love the World Project**

The project promoted the use of fabric bags to stimulate environmental concern while encouraging the “giving and sharing” mindset to the participants. The activities included:

Exhibition	Shirt to Shop Workshop	We Market Green Market	Paper and Fabric Bag Donation
Providing environmental knowledge	Fabric bag making from used T-shirts	Promoting the use of fabric bags for shopping in the employee fair	Donated 2,000 pieces to 4 hospitals
			

- **Book Sharing Project**

The project donated more than 4,000 used books to the Mirror Foundation for further dissemination to underprivileged children. The project created the employees’ awareness on resource utilization through the delivery of knowledge to people in the society.



- **Clean & Clear Project**

Initiated in 2017, the project promoted Good Habits Good Hygiene by stimulating the participants to separate wet garbage, dry waste and recycle waste for further waste management with maximum benefits.

- **5S Project / Big Cleaning Day**

The promotion of Good Hygiene and Good Environment in the workplace is done annually to create efficient working environment.

## 9. Innovation and Publication of Innovation with the operational responsibility for society, environment and stakeholders

**Determine to develop and present innovation on technology application to uplift the standard of living, conserve environment and use resources in the most meaningful way.**

Samart Innovation Award Project is an important activity that Samart Group of Companies conducted continually for more than 17 years with aim to encourage the youth and the new generation entrepreneurs to develop their creativity and capability that can lead to technology innovation. After the end of the contest in each year, the Company has disseminated qualified and winning projects to the public via activities and public relations media constantly. This project is not only for commercial promotion to the contestants but also the motivation of Thai new innovative developers. For the past year, there were 74 news coverage publicized via newspaper, radio, television and on-line media.

### Business impact to social responsibility

As the Company conducts business in comply with the SD Policy through 9 operational principles, the Company and its subsidiaries had not been audited or investigated by the competent authority or any law in any way and the business of the Company and its subsidiaries had not been accused of having negative impacts on society and environment.

### Activities for society and environment

In 2019, Samart Group set up the policy and practical guidelines under the promotion framework of the “Quality People and Moral Society” which comprise of the following projects and activities:

#### Creation of quality people

##### 1. Samart Innovation: This project covers a Technology Innovation Contest, Scholarships, and Technology Training to enhance telecommunication-technology knowledge and work skills namely:

###### • Samart Innovation Award 2019 Prizes

**Winner**  
**“Best Developer”**

**2 Runner-up Awards**

**Start-Up Funds**  
**For 9 Finalists**



###### • Knowledge Training to Strengthen New Entrepreneurs

**36-Hours Training**  
with comprehensive courses

**Closer Consulting**  
Experts with direct experiences  
provide close advice throughout

**Opportunities**  
to present projects to  
customers and investors



- **Business Results Shown in 8-Years Supports**

1,200 new-generation developers were emerged in the project	600 innovative works developed in the project	60 businesses expanded to real commercialization	Baht 32 million generated to the country
---	--	--	---

## 2. Educational Opportunity Development

- **Samart Scholarship Project**

The project provided 49 scholarships to well-studying but fund-insufficient students in primary, secondary, and bachelor-degree level in Chiang Rai and Surin province.

- **Creating Educational Opportunities Project**

This project donated satellite dishes and DLTV receivers to 60 schools in Nakhon Ratchasima province and 149 schools in Chiang Rai province to bring educational opportunity to students in remote areas.



## 3. SPORT TALENT Support

- **Football**

- > Football for Thai Youths Project : Jointly supported with King Power's Fox Hunt Project, sponsoring talent young football players to join in football training program at Leicester City Football Club in England.
- > Thai Football Club Support : Provided support to Thai football clubs including Buriram United F.C., and Phrae United F.C.

- **Other Sports**

- > Boxing : Support to the "Boxing Battle Shaking the World of Mae La Noi"
- > Futsal : Supported the 18<sup>th</sup> PEA FUTSAL CUP organized by the Provincial Electricity Authority (PEA) and donated money to Home for Disabled Babies (Bann Fuengfah).
- > Cycling : Supported PEA Bike for Life 2019 organized by the Provincial Electricity Authority (PEA), and donated 200 bicycles to rural students in Surin Province.
- > Marathon : Sponsored prizes in the 10<sup>th</sup> PEA Mini Marathon organized by the Provincial Electricity Authority (PEA). The group's employees also joined in the event.
- > Petanque : Supported the 6<sup>th</sup> Petanque Competition organized by the Provincial Electricity Authority (PEA)'s Petanque Club. A part of income was allocated to buy sports equipment, install satellite dishes, and donate for luncheon fund to three remote schools in the North.



## 4. Competency Development Support

- Academic seminars at Thammasat University (Rangsit Campus).
- Academic seminar titled "Business Adaptation in Disruption Era."
- The 10 Years Right Livelihood Foundation and the ceremony of Right Livelihood Model Awards 2019.

## Promotion of the Moral Society

The promotion focused on extending help and relief to the underprivileged or social works, which was conducted via “Samart D Club” activities. The “Samart Foundation”, meanwhile, was in charge of promoting Buddhism and charity causes.

### 1. Monarchy Loyalty Promotion

The Board of Directors of Samart Group and the management team participated in a ceremony showing loyalty and signing to salute His Majesty King Maha Vajiralongkorn Bodindradebayavarangkun on the auspicious occasion of the Royal Coronation Ceremony B.E. 2562.



### 2. Power of Volunteers for Social

- **Doing Good Funds Project:** The project stimulated volunteerism within the group under “Samart D Club” to encourage social development. Organized for the 6th consecutive year, the project provided financial support on social activities with 10 projects achieved in 2019.
- **Merit Knitting Project:** Held for the 5th consecutive year, the project encouraged employees to make 500 knitting hats delivered to students at the Border Patrol Police School in Mae Hong Son Province
- **ICT We Share Together Project:** The project initiated a variety of activities including fabric bag painting, hand-made book making, and luncheon hosting to the underprivileged in nearby communities. In 2019, the project provided three donations to Home for Children with Disabilities (Baan Nontapum) and Pak Kret Reception Home for Boys (Bann Pumvet).
- **Blood Donation Project:** Samart Group cooperated with the Thai Red Cross to encourage the employees and people in nearby communities to make blood donation three times annually.
- **Flood Relief Activities:** Samart Group and the employees provided money donation through the Thai Red Cross and the Provincial Electricity Authority (PEA) to help flood victims.



### 3. Medical Support

- **Thai Medical Scientist Support:** Provided financial support to a research and development project on Heart Cooling Technology. Heart Cooling Technology will help saving life for patients with heart attack. The development will also power up Thai medical circles to be the world’s leader in heart disease treatment.
- **CCTV Donation to Rama Hospital:** Donated 150 CCTVs to Ramadhibodi Chakri Naruebodindra Hospital for the hospital’s security purpose.

- Three Medical Foundations Support: Supported three medical foundations on the occasion of the 59<sup>th</sup> anniversary of the Provincial Electricity Authority (PEA)'s establishment. The three foundations included War Veteran Family Assist Foundation, Foundation for the Crown Prince Hospitals and Siriraj Foundation.
- Cardiac Children Foundation of Thailand Support: On the occasion of the 66th anniversary of the Government Housing Bank (GHB), Samart Group cooperated with GHB to provide supports the Cardiac Children Foundation of Thailand under the Royal Patronage of H.R.H. Princess Galayani Vadhana Krom Luang Naradhiwas Rajanagarinda.

#### **4. Buddhism Promotion**

- Samart Mind Power Project: The project promotes the applying of Dhamma Principles for use in daily life. The activities included:
  - > Meditation for Mindfulness and Wisdom in Buddhism Days
  - > Dhamma Voice Radio Program every Monday during 8.30 a.m. to 9.00 a.m. The program disseminates Dhamma Principles through Public Address (PA) System.
- Buddha Activities: Annual merit - making, lent candle offering and Kathin Ceremony.

#### **5. Other Social Projects Support**

- Mae Nam Noi Border Patrol Police School: Samart Group supported "Sharing Kindness Giving Opportunity to Mae Nam Noi Border Patrol Police School" project organized by the Provincial Electricity Authority (PEA). The group donated necessary goods and sports equipment, hosted luncheon to the school's students, and installed electrical wires linked between the school's buildings.
- Five Provinces Bordering Forest Preservation Foundation: Samart Group provided financial support to Five Provinces Bordering Forest Preservation Foundation for the foundation's forest conservation activities.

### Prevention and protection of corruption

The Company has established policies and general practices of anti-corruption channel to express their opinions and suggestions including channel to report concerns and procedures to protect employees who report such abuse. Anti-corruption policy and practical guidelines including procedures were disclosed in the Business Ethics and were posted on the Company's website at [www.samartdigital.com](http://www.samartdigital.com).

In addition, the Company maintains system of internal control and risk management to prevent the Company from participating with corruption. Details were disclosed in the section "Internal Control and Risk Management". The business and financial risks were disclosed in the section "Risk Factors" and "Risk Management Policy" under the topic "Internal Control and Risk Management" and were posted on the Company's website at [www.samartdigital.com](http://www.samartdigital.com).



# Financial Highlights

	2017	2018	2019
	(Restated)		
<b>Result of Operation</b>			
<b>(Million Baht)</b>			
Sales and Service Revenue	1,334	743	999
Total Revenue	1,364	770	1,122
Gross Profit <sup>(1)</sup>	(33)	18	187
Net Profit (Loss)	(1,925)	(1,596)	(233)
<b>Financial Position</b>			
<b>(Million Baht)</b>			
Total Assets	6,385	5,926	5,328
Total Liabilities	5,835	4,909	4,479
Total Shareholders' Equity	550	1,017	849
<b>Financial Ratio</b>			
Net Profit Margin (%)	(141.10)	(207.33)	(21.25)
Return on Equity (%)	(134.81)	(230.70)	(28.47)
Return on Assets (%)	(26.81)	(25.94)	(4.24)
Debt to Equity Ratio (Times)	10.60	4.83	5.27
Earnings (Loss) per Share (Baht)	(0.44)	(0.19)	(0.02)
Dividend per Share (Baht)	-	-	-
Dividend Payout Ratio (%)	-	-	-
Book Value per Share (Baht)	0.13	0.09	0.07
Par Value per Share (Baht)	0.10	0.10	0.10
Number of issued and paid up shares (Million Shares)	4,400.25	11,324.42	11,324.42

Remark <sup>(1)</sup> Gross Profit was calculated by including sales support revenue.

# Policy and Overview of Business

## Policy and Overview of Business Operation

The Company is engaged in the distribution of communications and electronics equipment as well as provides integrated businesses in digital network and solution. In addition, the Company also provides interactive media and varieties of most updated information, news and edutainment contents in the form of voice and non-voice services. The Company has conducted 2 lines of business, Digital Network and Digital Content.

## Vision, Mission, Corporate Culture and Business Direction

### Vision

Sustainable growth through Integrated Broadband Communication to ease everyday life

### Mission

- Focusing on great customer experience on products through all touch points including software solutions and service to create beyond customer expectation
- Creating innovative content and application platform through various digital mediums in order to serve customer needs where as seeking for developing mutual sustainable growth with potential partners

### Corporate Culture

- Think Ahead
- Customer Focus
- Team of Professionals
- Commit to excellence

### Business Direction

Focusing on updated digital business development to harmonize consumer rapid trend with new distribution channel and new content media channel continuously

### Highlight of Change and Development

Samart Digital Public Company Limited (“SDC”), formerly known as Samart I-Mobile Public Company Limited, was established by Samart Corporation Public Company Limited (“SAMART”) in 1995 with a registered capital of Baht 50 million in the name of Samart Easy Pay Company Limited. The primary objective was to operate telecommunication business. The business operation of the Company has continually growth.

In 2003, the Company has changed the name to be Samart I-Mobile Company Limited and restructured its business and shareholding structures to facilitate the development to be fully integrated Mobile Multimedia services. On September 18, 2003, the Company’s par value was split from Baht 10 per share to Baht 1 per share. Additionally, the Company increased its registered capital of Baht 110 million by issuing 110 million new ordinary shares at a par value of Baht 1 totaling Baht 110 million for initial public offering. The new registered capital of the Company was Baht 430 million. The Company was approved to be a public company on September 30, 2003 and the Company’s ordinary shares were listed in the Stock Exchange of Thailand on December 9, 2003. On May 6, 2008, the Company approved the alteration of par value from par value of Baht 1.00 per share to Baht 0.10 per share in order to achieve greater liquidity in the Company’s stock trading as its price was higher than the other stocks in the same type of business. The Company also approved the increase of its registered capital of Baht 14 million from Baht 430 million to Baht 444 million for the issuance of warrants offering to the Company’s directors and the employees of the Company and its subsidiaries.

Since 2016, the Company has reorganized management structure in order to be competitive under the transition to the digital era, reduced the size of handset business and finally closed down in 2018, and then shift to complete digital services. The digital services include Digital Trunked Radio System (“DTRS”) of which the target clients are state-owned enterprises and government agencies, and Co-Tower rentals for Mobile Operators in the Nationwide National Parks. These 2 projects are in collaboration with CAT Telecom Public Company Limited (“CAT”). For content business, the Company has changed towards digital platform. The Company changed its name to Samart Digital Public Company Limited (“SDC”) in 2017.

To support business changes and new business operations, the shareholders’ meeting approved the increase in its registered share capital to be offered to the existing shareholders of the Company in proportion to their respective shareholdings (Rights Offering) and to accommodate the exercise of the warrants. The Company received money from the capital increase totaling Baht 2,077 million, therefore, the Company’s issued and paid-up capital increased from Baht 440 million to Baht 1,132 million with shares premium of Baht 1,385 million. The 1,731,043,303 units of warrants (SDC-W1) were issued in this regard. The exercise ratio is 1 warrant: 1 share, with an exercise price of Baht 0.5 per 1 ordinary share. The warrants have a life of 5 years and are exercisable on the last business day of the June and December of each year throughout the life of the warrants, commencing from December 28, 2018.

In the year 2019, the Company still focuses on operating businesses with recurring income and closed down the business that do not generate income. The Company reorganized the workforce structure to be suitable for business operations and negotiated with various financial institutions for debt restructuring.

## Change and development during the past 3 years

### 2019

- On 14 February 2019, the meeting of Board of Directors of Samart Digital Media Co., Ltd., a subsidiary company, passed a resolution approving an acquisition of increased share capital of Entertainment Tree Co., Ltd., a subsidiary company, in proportion to shareholding, and an acquisition of the shares remaining after the share allocation in total of 270,000 shares of Baht 10 per share. The subsidiary fully paid for the share subscription on 20 February 2019.

As a result of the acquisition of increased share capital, the percentage of shareholding of Samart Digital Media Co., Ltd. in Entertainment Tree Co., Ltd. increased from 44.99% to 61.87%.

- On 18 February 2019, the Extraordinary General Meeting of Entertainment Tree Co., Ltd., a subsidiary company, passed a special resolution approving the increase in the registered share capital from Baht 5 million (500,000 ordinary shares of Baht 10 each) to Baht 8 million (800,000 ordinary shares of Baht 10 each) through the issuance of 300,000 additional ordinary shares at par value of Baht 10 each. The subsidiary company registered share capital increased with the Ministry of Commerce on 25 February 2019.

### 2018

- On February 15, 2018, an Extraordinary Meeting of Samart Multimedia Co., Ltd., a subsidiary company, passed a special resolution approving the change of the subsidiary’s name from “Samart Multimedia Co., Ltd.” to “Samart Digital Media Co., Ltd.”. The subsidiary registered the change of its name with the Ministry of Commerce on February 20, 2018.
- On April 27, 2018, an Annual General Meeting of the Company’s shareholders passed a resolution approving the cancellation of the relevant existing resolution of the Extraordinary General Meeting of the Company’ shareholders No. 1/2017 on September 27, 2017, relating to the registered share capital increase and approved the reduction and the increase in the Company’s registered share capital as follows:

#### Registered share capital

	Number of shares (shares)	Amount (Baht)	Registration date with the Ministry of Commerce
Balance as at December 31, 2017	9,900,562,500	990,056,250	
Decrease in registered share capital	(5,500,312,500)	(550,031,250)	
	4,400,250,000	440,025,000	May 17, 2018
Increase in registered share capital	11,000,625,000	1,100,062,500	
Balance as at December 31, 2018	15,400,875,000	1,540,087,500	May 18, 2018

In addition, the meeting approved the allocation of not more than 8,800,500,000 newly-issued ordinary shares, at the par value of Baht 0.1 per share, for the purpose of offering for sale to the existing shareholders of the Company in proportionate to their respective shareholdings (Rights offering), at the allocation ratio of 1 existing ordinary share to 2 newly-issued ordinary shares, at Baht 0.3 per share.

#### Issued and fully paid-up capital

	Number of shares (shares)	Amount (Baht)	Shares premium (Baht)	Registration date with the Ministry of Commerce
Balance as at December 31, 2017	4,400,250,000	440,025,000	1,230,452,034	
Increase from share offering to existing shareholders	6,924,173,218	692,417,322	1,384,834,644	
Balance as at December 31, 2018	11,324,423,218	1,132,442,322	2,615,286,678	June 4, 2018

#### Warrants

Such Annual General Meeting of the Company's shareholders passed a resolution to issue warrants no. 1 (SDC-W1) up to 2,200,125,000 units of warrants to the existing shareholders of the Company who subscribe to and are allocated newly issued shares by offering to them in proportion to their shareholdings (rights offering) at the ratio of 4 newly issued shares to 1 warrant, without any cost. The exercise ratio is 1 warrant : 1 share, with an exercise price of Baht 0.5 per 1 ordinary share. The warrants have a life of 5 years and are exercisable on the last business day of the June and December of each year throughout the life of the warrants, commencing from December 28, 2018.

- On April 30, 2018, an Annual General Meeting of the shareholders of I-Sport Media Co., Ltd., a subsidiary company, passed a resolution to dissolve the company. The subsidiary company registered its dissolution on May 9, 2018 and its liquidation was registered with the Ministry of Commerce on June 12, 2018.
- On December 18, 2018, the Company entered into an agreement to enter into a consortium with Samart Telcoms Public Co. Ltd. named SS Consortium, for the purpose of entering into a price proposal of Mobile Switching Office equipment for Digital Trunked Radio System with CAT Telecom Public Co., Ltd. The Company was appointed as the lead company of SS Consortium and is authorized to act on behalf of SS Consortium. The agreement is effective from the date that the agreement is signed and will terminate when SS Consortium has fully discharged its responsibilities under the sale agreement or the SS Consortium's price proposal has not accomplished. The Company is obliged to comply with certain conditions and pay fees for the project as stated in the agreement.

Subsequently, on December 26, 2018, SS Consortium entered into a sales agreement with CAT Telecom Public Co., Ltd. to sell Mobile Switching Office equipment. The agreement will terminate when SS Consortium has fully discharged its responsibilities under the sale agreement with CAT Telecom Public Co., Ltd.

## 2017

- On February 21, 2017, a meeting of the Board of Directors of the Company, passed a resolution approving the purchase of 100,000 ordinary shares with a par value of Baht 100 each of Thai Base Station Co., Ltd. from the existing shareholders, representing a 100 percent interest in that company, for an amount not exceeding Baht 50 million. Thai Base Station Co., Ltd. provides space rental and other services and distributes telecommunication equipment and systems. On September 1, 2017, the Company purchased ordinary shares of Thai Base Station Co., Ltd. from the former shareholder of that company at the mutually agreed price of Baht 50 million.
- On March 1, 2017, the subsidiary company submitted a letter to TOT Public Co., Ltd. and the NBTC to notify of the termination of i-mobile 3GX service because the 3GX cellular phone system was frequently disrupted and TOT Public Co., Ltd. was unable to permanently fix the problem. In addition, TOT Public Co., Ltd. has not expanded its base station following its business plan in order to expand the coverage across the country. However, the subsidiary company has prepared a recovery plan for users of i-mobile 3GX service in accordance with the conditions imposed by the NBTC. Subsequently, on June 22, 2017, the NBTC submitted to the subsidiary a letter of the termination of the Telecommunications Business License type 1 and agreed with the Company's recovery plan for the users of i-mobile 3GX. Subsequently, on July 7, 2017, the subsidiary submitted a letter notifying the NBTC that it had jointly concluded with TOT Public Company Limited that the date of discontinuing the i-mobile 3GX service would be July 18, 2017.
- On March 10, 2017, the Company entered into an agreement to enter into a consortium with Samart Communication Services Co, Ltd. named SISC Consortium, for the purpose of entering into an alliance service agreement for Digital Trunked Radio System with CAT Telecom Public Co., Ltd. (CAT). The Company was appointed as the lead company of SISC Consortium and is authorized to act on behalf of SISC Consortium. The agreement is effective from the date that the agreement is signed and will terminate when SISC Consortium has fully discharged its responsibilities under the agreement. The Company is obliged to comply with certain conditions and pay fees for the project as stated in the agreement. Subsequently, on August 24, 2017, SISC Consortium entered into a business alliance agreement with CAT Telecom Public Co., Ltd. (CAT) in order to increase its capability to provide Digital Trunked Radio System (DTRS) services. The agreement terminates on July 31, 2025. In October 2017, the Company entered into a three-year agreement with CAT Telecom Public Co., Ltd. (CAT) for wholesale and resale of digital trunked radio system services. The Company is obliged to comply with terms and conditions and make payments as stated in the agreement.
- On June 26, 2017, the Company submitted a letter to CAT Telecom Public Co., Ltd. (CAT) to notify it of the cancellation of the wholesale agreement to provide mobile phone services, OPEN by i-mobile, because the telecommunications industry has remained intensely competitive over the past 2-3 years and there are no signs that the situation will improve in the future. The Company is unable to implement its plans and in line with its newly-developed business plan. On July 11, 2017 and July 14, 2017, the Company submitted a letter to notify NBTC and CAT Telecom Public Co., Ltd., respectively, of the cancellation of the wholesale agreement to provide mobile phone services with CAT Telecom Public Co., Ltd., requested permission to close the mobile phone signal for the OPEN by i-mobile service. On December 14, 2017, the NBTC notified the Company regarding the approval for the return allocated numbering of the mobile phone service under brand OPEN by i-mobile and approved the Company to cancel the connection of such allocated numbering on December 20, 2017 which was agreed with CAT Telecom Public Co., Ltd.

- On September 27, 2017, an Extraordinary Meeting of the Company's shareholders passed a resolution approving the change of the Company's name from "Samart I-Mobile Public Company Limited" to "Samart Digital Public Company Limited". The Company registered the change of the Company's name with the Ministry of Commerce on October 6, 2017.
- On December 1, 2017, an Extraordinary Meeting of the shareholders of Teleconnex Co., Ltd., a subsidiary company, passed a resolution to dissolve the company. The subsidiary company registered its dissolution on December 13, 2017 and its liquidation was registered with the Company Registry in Hong Kong on August 8, 2018.
- On December 14, 2017, Thai Base Station Company Limited ("Thai Base"), a subsidiary, entered into the Business Alliance Agreement with CAT Telecom Public Company Limited ("CAT"). The essence of the Agreement provide that Thai Base, experience and expertise in construction and management of the telecommunications towers area, agree to ensure the procurement, installation and management of the telecommunications towers area to CAT according to the right for management of the telecommunications towers area in the Co-Tower Project from the Department of National Parks Wildlife and Plant Conservation to improve the capability of telecommunications services covering in the Nationwide National Parks and other areas. Term of the Business Alliance Agreement is 10 years from the date of signing. CAT agreed to pay service fee to Thai Base on a monthly basis at a mutually agreed rate of service fee of which CAT collects from their customers.



# Nature of Business

The Company and subsidiaries have 2 lines of business as follows:

## Digital Network

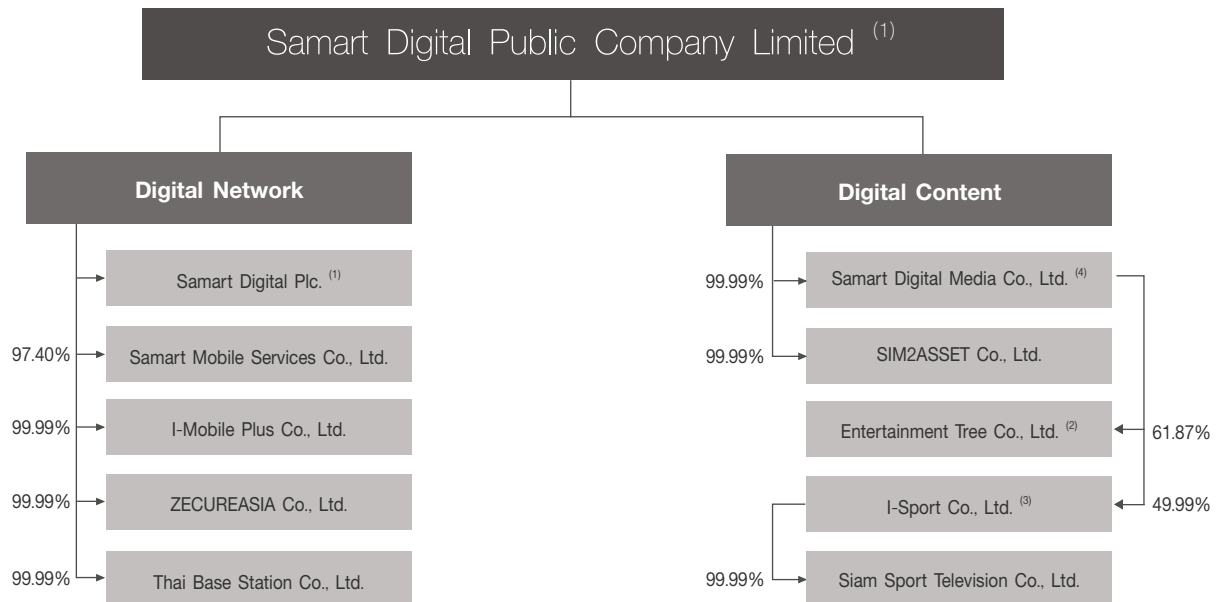
The Company is engaged in the distribution of communications and electronics equipment as well as provides integrated businesses in digital network and solution. Since 2017, the Company has transformed the business into a full digital service such as Digital Trunked Radio System (“DTRS”) services and Co-Tower rentals for Mobile Operators in the Nationwide National Parks in collaboration with CAT Telecom Public Company Limited (“CAT”). The Company still focus on doing business with recurring income.

## Digital Content

The Company provides varieties of most updated information, news and edutainment contents that address to everyone’s need and fit with their lifestyles in the form of voice and non-voice including multimedia services via multi-devices, for example, sports update reporting, fortune-teller and horoscope and “Eat-Drink-Travel” lifestyle.

# Business Structure

As of December 31, 2019



**Remarks:**

<sup>(1)</sup> Formerly known as Samart I-Mobile Public Company Limited, changed the Company's name to Samart Digital Public Company Limited on October 6, 2017.

<sup>(2)</sup> The remaining portion of 38.13% held by 2 ordinary persons who have business expertise in such company.

<sup>(3)</sup> The remaining portion of 37.50% and 12.51% held by Siam Sport Syndicate Plc. and 9 ordinary persons respectively.

<sup>(4)</sup> Formerly known as Samart Multimedia Co., Ltd., changed its name to Samart Digital Media Co., Ltd. on February 20, 2018.

# Revenue Structure

The revenue structure of the Company and subsidiaries as of December 31, 2017 - 2019 is as follows:

(Unit: Million Baht)

Revenue	Operated by	% of shareholding	2017		2018		2019	
			Revenue	%	Revenue	%	Revenue	%
Digital Network	SDC	100.00	791	59.30	256	34.45	517	51.75
	SMS	97.40						
	ZA, IMP, TBS	99.99						
Digital Content	SDM, S2A	99.99	543	40.70	487	65.55	482	48.25
	I-SPORT, SSTV	49.99						
	ENT	61.87						
Total Revenue from Sales and Services			1,334	100.00	743	100.00	999	100.00

SDC = Samart Digital Plc. <sup>(1)</sup>

IMP = I-Mobile Plus Co., Ltd.

S2A = SIM2ASSET Co., Ltd.

SSTV = Siam Sport Television Co., Ltd. <sup>(3)</sup>

SDM = Samart Digital Media Co., Ltd. <sup>(2)</sup>

I-SPORT = I-Sport Co., Ltd.

ENT = Entertainment Tree Co., Ltd.

SMS = Samart Mobile Services Co., Ltd.

ZA = ZECUREASIA Co., Ltd.

TBS = Thai Base Station Co., Ltd.

**Remarks** <sup>(1)</sup> Formerly known as Samart I-Mobile Public Company Limited, changed the Company's name to Samart Digital Public Company Limited on October 6, 2017.

<sup>(2)</sup> Formerly known as Samart Multimedia Co., Ltd., changed its name to Samart Digital Media Co., Ltd. on February 20, 2018.

<sup>(3)</sup> I-SPORT holds 99.99% shares in SSTV, therefore, the Company holds 49.99 % indirect shareholding in SSTV.

# Information of Subsidiary Companies

As of December 31, 2019

Name of Company	Type of Business	Shareholder	Registered Capital	Total Ordinary Share	Company's shareholding	
					Number of shares	%
<b>Samart Digital Media Co., Ltd.</b> 99/10 Moo 4, Software Park, 26 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-8136	Provide content services via fully integrated wire and wireless technologies both voice services via Audiotext and Call Center, and non-voice services including content producer and developer.	SDC	200 Million Baht	2,000,000	1,999,997	99.99
<b>Samart Mobile Services Co., Ltd.</b> 37/1 Moo 2, Phaholyothin Rd., Klong 1, Klongluang, Pathumthanee 12120 Tel. 0-2502-6000 Fax. 0-2502-6496	Provide wholesale and resale 3G mobile services including telecommunication services.	SDC	490 Million Baht	49,000,000	47,724,999	97.40
<b>I-Mobile Plus Co., Ltd.</b> 99/10 Moo 4, Software Park, 26 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6200 Fax. 0-2502-8532	Provide wholesale and resale 3G mobile services including telecommunication services.	SDC	100 Million Baht	10,000,000	9,999,997	99.99
<b>ZECUREASIA Co., Ltd.</b> 99/10 Moo 4, Software Park, 26 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6200 Fax. 0-2502-8532	Distribute mobile phones bundling with content services including security products and solution.	SDC	1.25 Million Baht	125,000	124,997	99.99
<b>SIM2ASSET Co., Ltd.</b> 99/10 Moo 4, Software Park, 26 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-6491	Provide real estate agent services to match sellers and buyers (Matching), as well as provide consulting services	SDC	5 Million Baht, Paid-up capital of 2.5 Million Baht	500,000	499,997	99.99
<b>Thai Base Station Co., Ltd.</b> 99/2 Moo 4, Software Park, 34 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-6491	Provide space rental and services as well as distributes telecommunication equipment and system.	SDC	10 Million Baht	100,000	99,998	99.99

Name of Company	Type of Business	Shareholder	Registered Capital	Total Ordinary Share	Company's shareholding	
					Number of shares	%
<b>Entertainment Tree Co., Ltd.</b> 99/10 Moo 4, Software Park, 26 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6103 Fax. 0-2502-6361	Produce, distribute and provide variety of entertainment media through television, telephone, internet, satellite and others including provide installation of equipment, network, facilities and other related services.	SDM	8 Million Baht	800,000	495,000	61.87
<b>I-Sport Co., Ltd.</b> 99/37 Moo 4, Software Park, 2 <sup>nd</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-8136	Provide a full range of sport businesses from sport information services via digital channel, event organizer, e-commerce of sport products, sport technology and benefit management to sport athletes, sport clubs and associations.	SDM	120 Million Baht	12,000,000	5,999,996	49.99
<b>Siam Sport Television Co., Ltd.</b> 99/37 Moo 4, Software Park, 2 <sup>nd</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-8136	Production outsource, Live Broadcast and taped sporting events.	I-SPORT	60 Million Baht	6,000,000	5,999,994	99.99

**Remarks :** SDC = Samart Digital Plc.  
 (Formerly known as Samart I-Mobile Plc.)  
 SDM = Samart Digital Media Co., Ltd.  
 (Formerly known as Samart Multimedia Co., Ltd.)  
 I-SPORT = I-Sport Co., Ltd.

## Changes during the Year

In the past 3 years, there were changes in the organization structure and the business itself to enhance the services in accordance with the global trend and the government's digital Thailand strategic plan which focuses on building the foundation for the infrastructure and the people in order to move towards Thailand 4.0: Digital age for the economy and the society. The Company closed down its handset business in 2018 and then shift to complete digital services. The Company has still focused on operating businesses with recurring income and closed down the business that do not generate income. The Company reorganized the workforce structure to be suitable for business operations and negotiated with various financial institutions for debt restructuring.

Significant changes of each business in the past year are summarized below:

### Digital Network

The Company has shifted to complete digital services since 2017. The Company provides digital communication services by signing a contract for Digital Trunked Radio System ("DTRS") installation project with CAT Telecom Public Company Limited ("CAT") to expand its capability in DTRS services and sufficiently serve the consumer needs in necessary areas. The main target group is public organizations that need secure telecommunication. In addition, there is another collaboration with CAT to install Co-Tower in National Park areas. Both projects are expected to generate consistent income to the Company in the future. In the past year, the Company installed the network equipment as planned.

### Digital Content

With the rapid development of technology, the behavior of digital media consumer has changed. Consumers can choose to consume a variety of media quickly and choose to consume only the interested media. In order to adapt to the changing consumption behavior, the Company therefore closed down the production of sport broadcasting via satellite and the provision of information on eating, drinking, traveling through the website. The Company turned to produce content that the Company has expertise focusing on mobile channel such as sport and life style content. Meanwhile the sport business is aiming towards complete digital sports business. In addition, the Company has introduced sport technology service by providing VAR (Visual Assistant Referee) service to the Football Association of Thailand, the first implementation of VAR service in ASEAN.



# Industry and Competition

The Thai economy in 2019 expanded by 2.4 percent, lower than that in 2018 at 4.1 percent, due to the export value that declined by 3.2 percent, public investment and private investment grew at slower rate by 0.2 percent and 2.8 percent compared with 2.9 percent and 4.1 percent respectively with the average headline inflation at 0.7 percent.

In 2020, Thai economy is projected to grow by 1.5-2.5 percent softening from 2019 due to impact from the delay of the fiscal year 2020 budget bill, the COVID-19 outbreak and the drought more severe than the past year. Nevertheless, the supportive factors for economy will be the ease of trade tensions between United States of America and China, the growth of export value at 1.4 percent, the expansion in total investment at 3.6 percent contributed by the projected growth of private and public investment at 3.2 percent and 4.8 percent respectively. The economy will also be supported by key government stimulus measures to strengthen low-income citizens, agriculturists and tourism sector. Headline inflation will be in the range of 0.4-1.4 percent.

According to the forecast by Gartner, Inc. total spending on Information Technology market (IT) of Thailand which including communications services will be Baht 734 billion in 2019 comprising spending on communication services for Baht 408,118 million, IT devices for Baht 202,040 million, IT services for Baht 60,477 million, enterprise software for Baht 39,029 million and Data Center for 27,775 million. The growth in IT devices was at the lowest rate. Furthermore, the survey by GFK indicates the slowdown in all segments of IT market for consumers for the first three quarters of 2019. Spending on notebooks declined by 7 percent in numbers and 8 percent in value. Personal computer market dropped by 19 percent in numbers and 22 percent in value. Printer segment dropped by 13 percent in numbers and 16 percent in value, Market for monitors declined by 7 percent in both numbers and value. Spending on network storage showed no growth in numbers but dropped by 12 percent in value. It can be anticipated for the decline in IT market for consumers for entire 2019; however, value of IT market for consumers is only a part of IT market in Thailand.

Gartner, Inc. forecast that spending on IT products and services in 2020 would reach Baht 752 billion, an increase of 2.4 percent from 2019, comprising spending on communication services at Baht 405,056 million, IT devices for Baht 214,399 million, IT services for Baht 64,196 million, enterprise software for Baht 43,498 million and Data Center for Baht 24,931 million. The forecast also indicates enterprise software will be the fastest growing technology segment at 11.4 percent as more enterprises has adopted model of software as a service (SaaS).

Moreover, the Digital Council of Thailand (DCT) revealed that overall digital industry in 2020 would continue to grow. Several industries will still be in digitalization with the impact of disruption. It is expected that e-Commerce will expand at highest growth rate. In segment of IT infrastructure, Fiber Optic will be the main technology for high-speed broadband networks as more investment to expand such network. Preparation in 5G-technology adoption will also be a factor driving operators to invest and compete to expedite the service to users. Such competition will elevate infrastructure technology and promote development of digital contents. Digital media industry will expand with more variety of digital content. Adoption for technology such as wireless storage and cloud computing will increasingly take place the traditional system resulting in expansion of ICT market and digital industry. Additionally, laws and regulations regarding cyber security and personal data protection will increase growth of products and services in monitoring and responding to cyber threats.

The COVID-19 outbreak will make impacts to the country economy affecting spending on ICT and digital market. The impact also includes the delay in manufacturing and logistics of some equipment and system parts resulting in lower growth rate of the market than expected. Nevertheless, supportive factors driving the expansion of ICT market and digital industry will still be public investment and government policies such as Thailand 4.0 that enable technology to create innovation to drive Digital Economy, continuous development of Digital Government, spending on infrastructure development for data integration through networks for electronic service and adoption of technology in integrated data

and analysis to resolve problems and to help develop every industries and segments. Major technologies important for development still are Augmented Reality (AR), Virtual Reality (VR), Big Data Analytics, Artificial Intelligence (AI), Internet of Things (IoT), Cloud Computing, Cyber Security and Block Chain/Distributed Ledger Technology that will be adopted in several platforms for electronic services and for validation of transaction. Furthermore, government will promote development of smart cities for major provinces and continuously drive Eastern Economic Corridor (EEC) project inducing investment in transportation and logistics infrastructure including related ICT infrastructure. Business enterprises continuously emphasize digital transformation (DX) and contribute in IT investment to increase competitiveness. IDC forecast that over 30 percent of enterprises will turn their organization into Digital Native and will apply technologies to drive their business. IDC also unveiled its prediction that by 2022 more than 61 percent of the country's gross domestic product (GDP) will be digitalized.

Competition in the 2020 ICT market, competitors are no longer necessary from players in ICT industry. Large enterprises in every sector that are not ICT service provider also build up and support Digital Tech Startups of their own or bring their successful platform to expand service capabilities to draw more customers into their platform. There will be more collaboration among Digital Tech Startups and partnership of leading service providers in several industries to compete in creating new products and services including new business model delivering more quality and faster services to customers gaining better experience. Such competition is to create more value to customers while rivalries in new services often come with competition in price and marketing campaign, which rise more competition in ICT market and digital industry.

Thai's overall economic expansion may slowdown affecting higher competition. If providers in the market do not adapt to new technologies or new business model, they may be replaced by competitors. Additionally, if more external and internal risk factors affecting the industry and spending of private sector, delay in fiscal budget of year 2020 and efficiency in government budget disbursement fails to achieve the target, the market may not expand as expected and it may cause more intense competition.

# Risk Factors

Risk factors may have an impact on the Company's operation are as follows:

## 1. Business Risks

### 1.1 Risks from Digital Content

Result from technological change and more influence in role of internet in consumer's daily life, they can easily data access with free of charge. Additionally, mobile operators set up mobile content service unit to serve their customers and the related government sectors increase more criteria to subscribe mobile content services. All the mentioned factors, the Company has transformed its services into new applications such as VDO streaming, real-time services, or one-on-one services of which the customer satisfaction feedback was very good. In order to match with consumer behavior change, the Company plans to develop new applications to serve needs of premium customers.

### 1.2 Risks from Digital Network

For the services of Digital Trunked Radio System, the Company is still exposed to the risk of counterparty's default in terms of delay in performance or the inability to complete the project operation, which will result in the Company's delay in operation. The Company may need to seek new project with the capability and readiness for operation. Furthermore, the Company's revenue depends on CAT's capacity to collect payments from the users, which the Company will be affected in terms of payment collection from CAT, under the terms of the said agreement. However, the Company believes that this will not significantly affect the operation of the project because the majority of the users are government agencies, state-owned enterprises and large private entities.

## 2. Financial Risk

### 2.1 Foreign Currency Risk

The Company and subsidiaries have imports, which are denominated in foreign currencies that expose to the risk from foreign exchange fluctuation. However, the foreign exposures have been hedged under forward contracts and the Company has closely monitored financial market and foreign exchange. As of December 31, 2019, the Company and subsidiaries have foreign currency assets and liabilities of USD 6.47 million (separated financial statement presented USD 6.47 million). The Company seeks to reduce this risk by entering into forward exchange contracts of USD 1.50 million.

### 2.2 Interest Rate Risk

The fluctuation of interest rate in the market can affect cost of funds through the Company and subsidiaries' short-term and long-term loans from financial institutions that have the interest rate based on money market. As of December 31, 2019, the Company and subsidiaries had total loans from financial institutions of Baht 3,466 million, in which 84.4% is in short-term. However, the Company and subsidiaries have closely monitored the interest rate in financial market and selected appropriate borrowing terms in order to minimize the financial costs.

### 2.3 Credit Doubtful Debt

The Company and subsidiaries may have risk associated with the unpaid trade receivables. As of December 31, 2019, the Company and subsidiaries enclosed trade receivable (unrelated parties) of Baht 959 million, representing 18.0% of total assets. The Company has reversed the allowance for doubtful debts amount of Baht 105 million in 2019. Having credit control procedures and substantial monitoring of debt collection, therefore the Company and its subsidiaries do not expect to incur material financial losses.

**2.4 Guarantee to subsidiary companies**

The Company has contingent liabilities with respect to the guarantee of subsidiaries' credit facilities which are working capital line and joint credit line with the Company. Accordingly, the Company may expose to risk associate with the default on the guaranteed loans. However, as a regular business monitoring especially on financial position of subsidiaries, the management is confident that there will be no any event of defaults. As of December 31, 2019, subsidiaries' outstanding loans guaranteed by the Company were Baht 33 million.

**3. Risk from major shareholders holding over 50% of the shares**

As of December 31, 2019, Vilailuck Group including Samart Corporation Public Company Limited and its subsidiaries hold 9,537,956,500 shares or 84.22% of the Company's issued and paid-up capital. It can control most of the shareholders' resolutions on various important matters such as the appointment of directors, or other resolutions that need majority votes of the shareholders, except for those resolutions that require three-fourths of the shareholders' votes, as specified by the law or the Company's Articles of Association. As a result, other shareholders may not be able to gather enough votes to offset the major shareholders' influence. However, the Company appointed 3 independent directors to be the Audit Committee to review the connected transactions or the transactions that may lead to conflicts of interests to ensure that they are in compliance with the law and the regulations of the SET and the SEC, and are reasonable and for the highest benefit of the Company.

# Shareholders

As of December 31, 2019, the top ten shareholders were as follows:

No.	Shareholder's Name	Number of Shareholding	%
1.	Vilailuck Group <sup>(1)</sup>	9,537,956,500	84.22
	- Samart Corporation Public Company Limited <sup>(2)</sup>	9,364,737,000	82.70
	- Samart Telcom Public Company Limited	85,861,200	0.76
	- Vilailuck International Holding Co., Ltd	30,605,300	0.27
	- Mr. Watchai Vilailuck <sup>(3)</sup>	23,343,000	0.21
	- Samart U-Trans Co., Ltd.	15,160,000	0.13
	- Mrs. Sukanya Vanichjakvong <sup>(3)</sup>	14,900,000	0.13
	- One to One Contacts Public Company Limited	3,000,000	0.03
	- Ms. Srintip Vilailuck	350,000	0.00
2.	Mr. Nuttapol Jurangkool	298,085,100	2.63
3.	Mr. Thaveechat Jurangkool	222,544,300	1.97
4.	Mr. Rachot Poompanmoung	172,350,000	1.52
5.	Ms. Chomkamol Poompanmoung	89,708,100	0.79
6.	Mr. Somchai Saeung	80,000,000	0.71
7.	Mr. Apisak Theppadungporn	27,226,900	0.24
8.	Mr. Preeda Attaviniitrakan	27,129,600	0.24
9.	Mr. Somchai Anothaiyuenyong	25,000,000	0.22
10.	Thai NVDR Co., Ltd	17,664,750	0.16
<b>Total shares of top ten shareholders</b>		<b>10,497,665,250</b>	<b>92.70</b>
<b>Total shares of the minority shareholders</b>		<b>826,757,968</b>	<b>7.30</b>
<b>Grand total</b>		<b>11,324,423,218</b>	<b>100.00</b>

Source: Thailand Securities Depository Co., Ltd. as of December 30, 2019

Remarks: <sup>(1)</sup> Samart Corporation Public Company Limited, Samart Telcom Public Company Limited, Vilailuck International Holding Co., Ltd., Mrs. Sukanya Vanichjakvong, Mr. Watchai Vilailuck, Samart U-Trans Co., Ltd., One to One Contacts Public Company Limited and Ms. Srintip Vilailuck are acting in concert regarding the determination of the relationship or Behavior as an act with another person and comply with Section 246 and 247.

<sup>(2)</sup> A holding company of which Vilailuck International Holding Co., Ltd. and Vilailuck family hold 14.78% and 27.25% of the total shares respectively.

<sup>(3)</sup> Includes holding by spouse and minor children.

## Dividend Payment Policy

The Company has a policy to pay dividend to shareholders of no less than 50% of its net profit after deduction of all reserves as stated in the Company's Articles of Association and related laws. However, the dividend payment is subject to the Company's future investment plans and business expansion, including other necessity and suitability.

In consideration of dividend payment for profit from disposal of investment or fixed assets of the Company or subsidiaries, it is at the discretion of Management and the Board of Directors to consider whether or not to pay dividend or amount to be paid by taking into account the Company's future investment plans and business expansion, including other necessity and suitability.

The dividend payment of subsidiaries should base on policy of the Company.

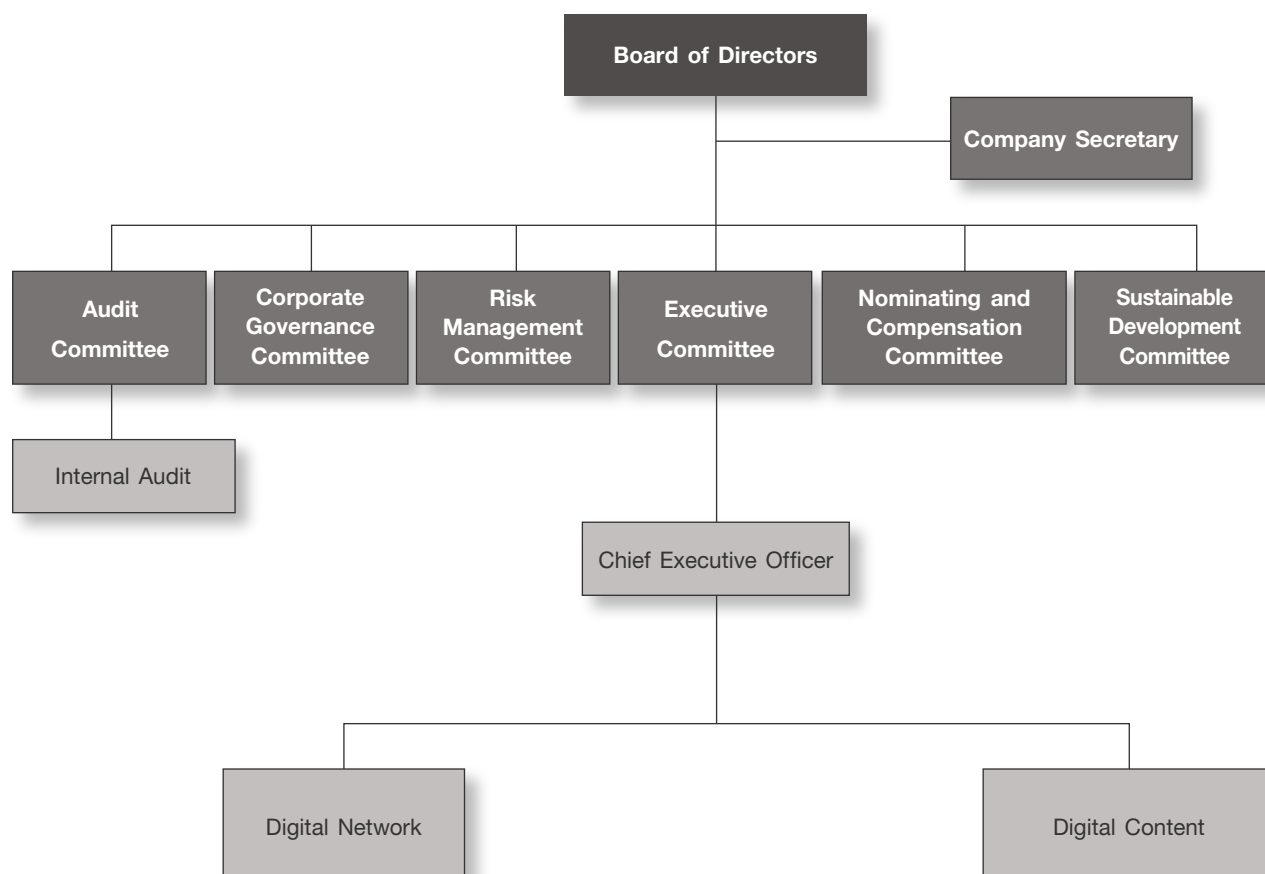
Detail of dividend payment

Financial Ratio		2017	2018	2019
Earnings (Loss) per Share	(Baht)	(0.44)	(0.19)	(0.02)
Dividend per Share	(Baht)	-	-	-
Dividend Payout Ratio	(%)	-	-	-



# Management Structure

The management structure of the Company as of December 31, 2019 consisted of the Board of Directors and 6 Committees; Audit Committee, Corporate Governance Committee, Risk Management Committee, Executive Committee, Nominating and Compensation Committee, and Sustainable Development Committee, to oversee management and internal control systems to be comply with the Company's policy as follows:



Remark: Head of Accounting and Finance are under Chief Executive Officer.

## 1. Board of Directors

As of December 31, 2019, the Board of Directors comprised of 6 members as the following details:

Name	Position
1. Mr. Piyapan Champasut	Chairman of the Board of Directors / Independent Director / Audit Committee Member
2. Dr. Chotivid Chayavadhanangkur	Independent Director / Chairman of the Audit Committee / Chairman of the Corporate Governance Committee / Nominating and Compensation Committee Member
3. Mr. Kunthit Arunyananda	Independent Director / Audit Committee member / Chairman of the Nominating and Compensation Committee / Corporate Governance Committee Member
4. Mr. Charoenrath Vilailuck <sup>(1)</sup>	Director / Risk Management Committee Member
5. Mr. Watchai Vilailuck <sup>(1)</sup>	Authorized Director / Chief Executive Officer / Executive Chairman / Chairman of the Risk Management Committee
6. Mrs. Sukanya Vanichjakvong <sup>(1)</sup>	Authorized Director / Chairman of the Sustainable Development Committee / Executive Committee Member / Risk Management Committee Member / Corporate Governance Committee Member / Nominating and Compensation Committee Member

**Remark:** <sup>(1)</sup> Representative directors from Samart Corporation Plc., a major shareholder, with 82.70% stake holding.

The number of directors is in line with the Company's Articles of Association that the Board of Directors should have at least 5 members. Not less than one a half of such members shall have residence within the Kingdom and the directors of the Company shall have qualification as specified by law. All 3 members of the Audit Committee have adequate knowledge and experience to review creditability of the Company's financial statements.

Education and working experience of each director including position in subsidiaries and related companies as of December 31, 2019 were disclosed in the section "Directors, Management, Controlling Person, Company Secretary and Head of Internal Audit". Details of Committee were disclosed in the section "Corporate Governance" under the topic "Committees".

Details of number of director's meeting attendance, date of appointment as director, term of post and the resigned directors during the year were disclosed in the section "Corporate Governance" under the topic "Meeting of the Board of Directors and Committees".

### Authorized Directors as of December 31, 2019:

Mr. Watchai Vilailuck and Mrs. Sukanya Vanichjakvong are authorized to sign on behalf of the Company with the Company's seal affixed.

## Roles and Responsibilities of the Board of Directors

### Qualifications of Director

- Have qualifications and not being under any of the prohibitions under the Public Company Act B.E.2535 (including amendments) or other relevant laws as well as not lacking trustworthiness in accordance with the announcement of the Securities and Exchange Commission (the SEC), including the Company's Articles of Association.
- Not undertaking any business, being a partner or a shareholder of other juristic persons of the same nature and in competition with the Company's business whether doing it for the benefit of itself or others, except for the notification to the shareholders' meeting before the appointment.

3. Have leadership, vision, and independent consideration for best benefit of the Company and the shareholders.
4. Have various knowledge, experience, and specific skill that suitable for the Company's business.
5. Have responsibility, carefulness, integrity, and business ethics.
6. Have sufficient time for fully participated as a Director of the Company.

#### **Qualifications of Independent Director**

1. Holding no more than 0.5 % of total voting shares of the Company, parent company, subsidiary, affiliate, major shareholder or controlling person of the Company, including shares held by any related person of such independent director.
2. Not being or ever been an executive director, worker, employee, salaried consultant, or controlling person of the Company, parent company, subsidiary, affiliate, same-level subsidiary, major shareholder or controlling person of the Company unless the foregoing status has ended for at least 2 years prior to the date of appointment.
3. Not being a person related by blood or legal registration as father, mother, spouse, sibling and child, including the spouse of the child, of other director, executive, major shareholder, controlling person, or person nominated as a director, executive, or controlling person of the Company or subsidiary.
4. Not having or ever had business relationship with the Company, parent company, subsidiary, affiliate, major shareholder or controlling person of the Company in a manner that may obstruct his /her independent judgement, and not being or ever been a significant shareholder or controlling person of person having a business relationship with the Company, parent company, subsidiary, affiliate, major shareholder or controlling person of the Company, unless the foregoing relationship has ended for at least 2 years prior to the date of appointment.

The aforementioned business relationship is inclusive of any normal business transaction, rental or lease of property, transaction relating to assets or services, or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions. These result in the Company or counterparty being liable to indebtedness payable to the other party in the amount from 3% of net tangible assets of the Company or from Baht 20 million, whichever is lower. The amount of indebtedness, included the obligation incurred during 1 year prior to the date of having a business relationship with the same person, is determined by the calculation method for value of connected transactions under the Notification of the Capital Market Supervisory Board concerning regulations in respect of an entering into connected transaction mutatis mutandis.

5. Not being or ever been an auditor of the Company, parent company, subsidiary, affiliate, major shareholder or controlling person, and not being a significant shareholder, controlling person of the Company, or partner of the audit firm that employs auditors of the Company, parent company, subsidiary, affiliate, major shareholder or controlling person of the Company, unless the foregoing relationship has ended for at least 2 years prior to the date of appointment.
6. Not being or ever been a professional services provider, including legal advisor or financial advisor who receives service fee more than Baht 2 million per year from the Company, parent company, subsidiary, affiliate, major shareholder or controlling person of the Company, and not being a significant shareholder, controlling person, or partner of such professional service provider unless the foregoing relationship has ended for at least 2 years prior to the date of appointment.
7. Not being a director who has been appointed as a representative of the Company's director, major shareholder, or shareholder who is a connected person of major shareholder.
8. Not undertaking any business of the same nature and in significant competition with business of the Company or subsidiary or not being a significant partner in the partnership or executive director, worker, employee, salaried consultant, or shareholder holding more than 1 % of total voting shares of another company undertaking any business of the same nature and in significant competition with business of the Company or subsidiary.
9. Not having any other characteristic that cause the inability to express independent opinions.

**Terms of positions**

Pursuant to the Public Company Acts B.E. 2535, at first Annual General Meeting of Shareholders after the registration of the Company and at the first Annual General Meeting of Shareholders in every subsequent year one-third of the directors, who have been longest in office, shall retire. The retired directors are eligible to be re-elected for another term by obtaining majority vote from the Nominating and Compensation Committee. However, the independent directors shall be in post no longer than 3 consecutive terms except getting a unanimous approval from the Nominating and Compensation Committee due to his/her contribution to the Company. In addition, the Committee ensures that the extra term will not cause or has an impact to the independent of such director, and shall be approved from the resolution of the Board of Directors' and/or the shareholders' meetings.

**Roles and Responsibilities of the Board of Directors**

The Board of Directors will focus and ensure that the Company's business will achieve its target and in the direction that create value and best benefit to the shareholders as well as all stakeholders. Any conflict of interest with the Company and its subsidiaries will be prohibited. The Board will also comply with the Company's Ethics with responsibility, due care, and integrity to ensure all Company's businesses are run under Company's objectives, Articles of Association, resolutions of the Board of Directors' and shareholders' meetings as well as laws and regulations of the SET, the SEC and other related laws. Their duties include:

1. Conduct business with responsibility, due care, and integrity, and ensure the Company's operations in accordance with the law, objectives, Articles of Association of the Company as well as the resolution of the Board of Directors' and shareholders' meeting to protect the rights and interests of the Company and shareholders.
2. Formulate policies and directions of the Company's operations including supervising the management to proceed in accordance with the specified policies and strategies with efficiency and effectiveness.
3. Establish and review the Company's vision, mission and strategy by prioritize and promote appropriate and safe innovation and technology to increase business opportunities, and ensure effective communication throughout the Company in order to drive the business in the same direction.
4. Approve annual budget and investment of the Company as well as ensure proper resource allocation and effective systems and controls, and monitor the implementation of the Company's strategies and annual plans.
5. Appoint directors to replace of those who retire by rotation as well as consider the remuneration package for directors and committee members proposed by the Nominating and Compensation Committee for further consideration of the shareholders' meeting. The Board of Directors also consider the appointment of directors in case of vacancy due to any reason other than the expiration of the term unless the remaining term of office of the director is less than 2 months. The replacing director shall hold office only for the remaining term of the replaced director.
6. Appoint committees to oversee administrative process and internal system to be in accordance with the specified policy and approve the charters of all committees.
7. Appoint Chief Executive Officer and define its roles and responsibilities as well as ensure that Chief Executive Officer perform its duties as assigned.
8. Appoint Company Secretary and define its roles and responsibilities as well as ensure that Company Secretary perform its duties as assigned.
9. Approve policy, structure, criteria of remuneration for directors, committees, Chief Executive Officer, top management and employees as well as propose remuneration for directors and committees for further approval from the shareholders' meeting.
10. Prepare quarterly and annual financial statements to disclose or propose to the shareholders' meeting for approval, as the case may be, as well as supervise to disclose important information accurately, sufficiently and on time to comply with the relevant rules and regulations.
11. Nominate appropriated auditor and its remuneration from proposal of the Audit Committee for further consideration of the Annual General Meeting of Shareholders.
12. Provide written Corporate Governance Policy and Business Ethic, and ensure that the Company has effective internal control and risk management system to prevent conflict of interest.

13. Ensure that good corporate governance is implemented to demonstrate the Company's commitment to operate the business with ethics and to bring fair treatment to all stakeholders.
14. In case of entering into any direct or indirect transaction with the Company and subsidiaries, such director should immediately inform his/her or related parties' interest to the Company.
15. Supervise to ensure that succession plans for Chief Executive Officer and key executives are in place.
16. Encourage and promote innovation including social and environmental responsibilities.
17. Approve interim dividend payment to the Company's shareholders and report the interim dividend payment in the next shareholders' meeting.
18. Approve the acquisition or disposal of the Company's assets according to the rules of the Capital Market Supervisory Board.
19. Approve the connected transactions of the Company according to the rules of the Capital Market Supervisory Board.
20. Organize an annual general meeting of shareholders within 4 months from the end of the Company's fiscal year.
21. Continuously monitor performance of the Company and subsidiaries to comply with the operation plans and budgets of the Company.
22. Supervise subsidiary and affiliate to comply with the Company's policy.

The Company conducted business and manage the Company's operation ethically and transparently with honesty and due care for the benefit of shareholders and all stakeholders. The Board of Directors has provided the Business Ethics manual for the Company's directors and executives to adhere as their practical guidelines and posted on the Company's website at [www. samartdigital.com](http://www.samartdigital.com).

The Board of Directors also has duties to approve other transactions pursuant to the notification of the Office of the Securities and Exchange Commission, the Stock Exchange of Thailand and other related laws.

#### **Delegation of Authorities between the Board of Directors and the Management**

The Company has specified the delegation of authorities clearly which have been firstly applied since 1995 by specifying approval authority on credit line of the Board of Directors and the Management pursuant to the transaction types, such as finance/accounting/budget, human resources, procurement, general management/administration, marketing and public relations. However, the Company revised such policies and operating guidelines to make them more appropriated with the current situation.

## 2. Management

The Management as of December 31, 2019:

- |                               |  |
|-------------------------------|--|
| 1. Mr. Watchai Vilailuck      | Chief Executive Officer and Acting Head of Digital Network |
| 2. Mrs. Sukanya Vanichjakvong | Acting Head of Digital Content                             |
| 3. Mr. Suchat Satprasert      | Vice President - Digital Network                           |
| 4. Mrs. Sumonthip Srimek      | Vice President - Account                                   |
| 5. Mr. Hiran Phanbanlaem      | Assistant Vice President - Finance                         |

Details of Education, working experience including and position in subsidiaries and related company as of December 31, 2019 were disclosed in the section "The Board of Directors, Management, Controlling Person, Company Secretary and Head of Internal Audit".

### 3. Company Secretary

The Nominating and Compensation Committee considered and appointed a potential and experienced person as Company Secretary proposed for further approval of the Board of Directors. The Board of Directors has appointed Miss Boonrut Mon gkolratanakorn as Company Secretary since October 31, 2003. In addition, she has been appointed as secretary to Committees. The Company has specified qualifications, roles and responsibilities of Company Secretary as follows:

**Qualifications of Company Secretary:**

1. Have well-rounded knowledge and understanding of the Company's businesses.
2. Understand roles and duties of Company Secretary.
3. Have knowledge and understanding concerning legal matters, regulations of the SEC and the SET.
4. Do not exploit the Company's business opportunity for personal benefits as well as preserve the confidential information of the Company.
5. Have good human relationship and can coordinate and contact with other agencies inside and outside the Company.
6. Possess English proficiency.
7. Have working experiences on Company Secretary at least 3-5 years.

**Roles and responsibilities of Company Secretary:**

1. Perform his/her duty with accountability, duty of care and duty of loyalty as well as has to comply by laws and any other related regulation.
2. Support the Board of Directors for their activities included providing consultation in related to the Company's Articles of Association, and any other regulations from related authorities.
3. Arrange meetings for the Board of Directors, Committees and Shareholders as well as coordinate to ensure all resolutions have been implemented complying with the Company's Objectives, the Articles of Association and the resolutions of the Board of Directors' and the shareholders' meetings as well as laws and related regulations.
4. Prepare and keep the Company's documents such as register of directors, notice calling directors' and shareholders' meetings as well as the minutes of such meetings and the annual report, etc.
5. Keep a report on interest filed by a director and executive as well as submit a copy of the report to the Chairman of the Board of Directors and Audit Committee within 7 business days from the date on which the Company has received such report.

In addition, Company Secretary Division is assigned to be compliance unit to supervise and oversee the operation of the Company, directors and executives to ensure that they been correctly complied with the regulations of the SET, the SEC, the Public Company Limited Act., and other related laws.

In case Company Secretary vacates the position or incapable to perform duty, the Nominating and Compensation Committee shall select the candidate to propose for consideration and approval of the Board of Directors to appoint a new company secretary within 90 days since the date that company secretary has vacated the position or has been incapable to perform duty. In this regards, the Board of Directors shall be empowered to assign any director to perform the duty as the substitutes during such period.

Profile and experience of Miss Boonrut Mongkolratanakorn was shown in "Directors, Management, Controlling Person, Company Secretary and Head of Internal Audit". During the past year, Company Secretary has attended the training courses and seminars to strengthen knowledge as follows:

- AIS Academy for Thais: Intelligent Nation Series
- QR Code Shareholder Meeting Standard Form
- SEC Conference 2019: Capital Market for All

- Smart Disclosure Program
- Guidelines for online reporting on the acquisition or disposal of securities (Form 246-2)
- Qualifications of Company Secretary and Importance of Contact Person
- CGR Workshop 2019: Enhancing Good Corporate Governance based on CGR Scorecard
- Training on the use of SET Link systems
- Announcement of 2019 CGR results
- Seminar for hearing opinions in aggregation of annual information and annual report in One Report
- SEC Capital Market Symposium 2019: Competitiveness, Accessibility, Sustainability
- Financial Reporting Standards TFRS 9 and TFRS 16
- Plan your own PVD investment port

#### 4. Remuneration of Directors and Management

##### **Remuneration of Directors**

Policy of Directors' Remuneration has been clearly and transparent set to be comparable to the general practice in same industry consistent with the Company's strategies and long-term objective, and be appealing enough to attract and retain qualified directors. The directors who also be appointed to be the member of any Committee will be paid appropriately more in accordance with the extra work. The Nominating and Compensation Committee will consider the remuneration and propose for consideration of the Board of Directors prior to further approval from the shareholders. The Company discloses criteria and remuneration of each director in Annual Report and Form 56-1.

Remuneration of directors consists of Meeting allowance and bonus without other benefits. Meeting allowance will be approved by shareholders' meeting and will be paid to the director who attends in the meeting. All members in the Board of Directors and the Audit Committee will have the same rate of meeting allowances. The meeting allowance rate for the Chairman of the 2 mentioned committees shall be 2 times higher than the other directors. The meeting allowance rate for the Chairman of Nominating and Remuneration Committee and the Corporate Governance Committee is 33.33% higher than other committee member. There is no consideration of meeting allowance for the Executive Committee, the Risk Management Committee and the Sustainable Development Committee since all members are the Company's executives. Remuneration of directors will be consideration based on the suitability of various reasons and to be comparable to the general practice in same industry as well as the Company's operating result, roles & responsibilities of the Board of Directors and the overall business.

The remuneration of Directors and Committees' members of the Company was approved from the 2019 Annual General Meeting at the amount of not exceeding Baht 4 million which consists of meeting allowance and bonus without other benefits. The meeting allowance for each meeting participated of Directors and Committees was shown below:

##### The Board of Directors and the Audit Committee

- Chairman Baht 30,000 per time
- Member Baht 15,000 per time

##### The Nominating and Compensation Committee and the Corporate Governance Committee

- Chairman Baht 20,000 per time
- Member Baht 15,000 per time



### Remuneration of Top Management

Remuneration of top management shall be in accordance with principles and policies specified by the Nominating and Compensation Committee. Such remuneration is in the appropriated level and can be comparable with the rate of the same industry by taking into consideration duties, responsibilities and performance of the Company as well as performance of each top management. In addition, it must be able to motivate and retain the qualified and capable personnel.

Annual remuneration and bonus of the top managements shall have the fixed consideration criteria by based on performance of the Company, overall economic conditions and performance of each top managements. These criteria shall be explained in advance before they can be used for the assessment at the end of the year. The Nominating and Compensation Committee shall consider prior propose to the Board of Directors for approval.

### Remuneration of Chief Executive Officer

Remuneration of the CEO is not only consideration in accordance with Management's Remuneration Policy, but the Board of Directors also set the performance evaluation of Chief Executive Officer annually by each Director in order to be a reference for remuneration consideration. The policy of remuneration are as follows:

Category		The purpose & link to the principle of remuneration
Fixed Pay	Salary & other benefits, such as, Provident fund	To motivate and retain the competent Chief Executive Officer.
Short Term Incentive	Annual bonus	To reward for the success of achieving the goals as defined for each year.
Long Term Incentive	Compensation according to Stock Option* & provident fund in the part that the Company contributes and increases according to year of work experience	<ul style="list-style-type: none"> <li>To motivate and retain the competent Chief Executive Officer.</li> <li>To ensure alignment between interests of Chief Executive Officer and shareholder.</li> <li>To promote the growth and value to shareholders in long term.</li> </ul>

Remark \* The Stock Option will be depend on the Board of Directors' consideration which will be based on the appropriate time and situation.

In 2019, the Company paid remuneration to directors and management as follows:

**1. Monetary and other remunerations of Directors and Committees' Members:**

Directors	Monetary (Baht)								
	Company							Subsidiaries	Grand Total
	Meeting Allowance					Bonus	Total		
	Board of Directors	Audit Committee	Corporate Governance Committee	Nominating and Compensation Committee	Total				
1 Mr. Piyapan Champasut Chairman of the Board of Directors/ Independent Director	180,000	60,000	-	-	240,000	100,000	340,000	-	340,000
2 Dr. Chotivid Chayavadhanangkur Independent Director	90,000	120,000	40,000	45,000	295,000	50,000	345,000	-	345,000
3 Mr. Kunthit Arunyananda Independent Director	90,000	60,000	30,000	60,000	240,000	50,000	290,000	-	290,000
4 Mr. Charoenrath Vilailuck Director	90,000	-	-	-	90,000	50,000	140,000	-	140,000
5 Mr. Watchai Vilailuck Director	90,000	-	-	-	90,000	50,000	140,000	-	140,000
6 Mrs. Sukanya Vanichjakvong Director	90,000	-	30,000	45,000	165,000	50,000	215,000	-	215,000
7 Mr. Teerachai Phongpanangam <sup>(1)</sup> Director	60,000	-	-	-	60,000	6,712	66,712	-	66,712
Grand Total	690,000	240,000	100,000	150,000	1,180,000	356,712	1,536,712	-	1,536,712

Remarks: <sup>(1)</sup> Resigned from Director on May 31, 2019. There were 4 meetings during his directorship.

Details of number of meeting attendance of directors in the Board of Directors and Committees were disclosed in the section "Corporate Governance" under the topic "Meeting of the Board of Directors and Committees".

**2. Monetary Remuneration of 5 managements are as follows:**

Type	Amount (Baht)		
	Company	Subsidiaries	Total
Salary	7,693,200	-	7,693,200
Bonus	565,900	-	565,900
Provident Fund	628,712	-	628,712

Remark : Provident fund to the executives have been provided by the Company at the rate of 3-10% of salary related to year of services.

## 5. Human Resource

Number of employees of the Company and subsidiaries classified by line of business for the past 3 years are as follows:

Line of business	Number of Employees (persons)		
	2017	2018	2019
1. Digital Network	144	22	23
2. Digital Content	466	499	302
3. Support Business	88	72	30
Total	698	593	355

Remark: The number of employees decreased, due to the changes in structure and business operation.

The remuneration of employees of the Company and subsidiaries for the past 3 years which comprise of salary, bonus, provident fund and others such as special grant, O/T and commission are as follows:

Remuneration	Amount (Million Baht)		
	2017	2018	2019
Salary	239.49	173.36	104.69
Bonus	7.04	2.96	4.03
Provident Fund	9.87	8.42	4.52
Others (special grant, O/T and commission)	13.65	8.90	1.00

## Human Resources Management and Development Policy

The Company always regards that employees are the most valuable and crucial fundamental for the Company's sustainable success becoming a leading Telecommunication Technology and Digital Technology Company in the competitive industry. The Company practically initiated corporate HRM & HRD policy emphasizing on analyzing proper manpower planning, increasing performance efficiency and improving working procedure to cope with business working environmental and digital technology change as well as performance management and potential assessment, developing individual capabilities at all levels progressively to prepare for business extension and competition, new company business and any changes. Indeed, these have to be compatible to the Company's business, policy, vision, missions and corporate culture simultaneously.

### 1. Human Resources Management Policy

For responding to Corporate HR Policy, Human Resources Management Policy has mainly been concentrated on the following:

- **Manpower Planning Policy**

To support all lines of business, the Company has applied a variety of HR indicators and tools in optimizing manpower planning also balancing among functional workloads to increase HRM & HRD policy more efficiencies. These would enhance organizational design and restructuring as well as enable HR manpower policy and costing most effective to company leading to success in new company business meet company's vision and mission sustainably.

- **Recruitment & Selection Policy**

Proactive recruitment approaches have been applied in acquiring capable people at all careers, levels and positions. The Company has a policy to participate in activities and job fair festivals with various institutions and organizations to create public relations as well as build confidence and attract qualified

applicants to apply for work with the Company. In Selection Policy, the Company places importance on the selection process, focusing on knowledge, ability skills, characteristics suitable for the job along with responsibility for the duties and ethics. The Company has relevantly applied new digital technology and tools to support the recruitment & selection process through cooperation among original affiliation, expertise in various careers and human resources department to ensure that the processes of recruitment & selection are transparent, suitable for the Company's business and support capable people to success their owned career at SAMART for company's sustainable success.

- **Performance Management and Development Policy**

The Company ensures an equitable and appropriate performance management system through applying KPIs approach cascading organization objectives through division to individual goals and corporate competencies methodologies aligning to business strategic planning at all levels throughout the Company. In 2018, the Company has applied new global standard technology SAP success factor to support Goal/KPIs and Performance Management i.e. closed monitoring, solution consulting and organizing arrange their owned and subordinators' Goal/KPIs, etc. at individual through top management level leading to be the Company's sustainable success efficiently and effectively in organizational strategic management.

- **Human Resources Management and Development Policy with Information Technology**

The Company conducts information technology developed by Human Resources Information Systems to support both HRM & HRD processes to be speedy, accurate and secure as well as reduce costs in all processes to maximize efficiency. Furthermore, the Company would fully utilize HRIS data to support in HRM & HRD Policy decision making for sustainable organization achievement.

- **Compensation & Benefit Policy**

The Company wisely formulates compensation, benefit and welfare scheme by job analyzing and evaluating all positions, responsibilities and their performances at all levels throughout the Company. By the way, the Company essentially determines corporate compensation, benefit and welfare policy being compatible to organizational position including skill, accountability, knowledge, and competence related to business operation and economic situation with comparative analysis among related businesses as well as strictly complying to labor law and compliance. These might ensure that our employees would be in the appropriate and equitable compensation, benefit and welfare package being competitive in labor market or among leading companies in the industry.

- **Employee Relation & Engagement Policy**

The Company places strong emphasis on employee relationship among top executives and employees as well as two-way communication as a mean to communicate top management direction to all employees closely and directly percept employee's innovative, improvement and other open-mind ideas to enhance the Company's business operations and other processes known as "Lunch & Learn Project" and "CEO suggestion box".

Furthermore, the Company concentrates on the employee relation and engagement at all levels of employees throughout the Company and also implants them into corporate value along with corporate culture by building synergy professional working-style (Team of Professionals). Hence, these initiate the best cooperation among individual level through corporate level. In 2019, there were a various ER&EE programs and activities to build synergy among employees, executives and organization i.e., SAMART Management Meeting twice a year, Team Building activities at all levels, D-Club (CSR programs), etc.

## 2. Human Resources Development Policy

The Company has a consolidated HRD policy to continuously develop the knowledge and ability of employees being appropriate to their owned position at all levels for leading them to success their owned career at the Company and also achieving business's needs and preparing staff for domestic and oversea digital business expansion. Therefore, the Company aspires to develop employees in all careers at all levels by harmonizing a wide range of development tools for increasing their owned skill, knowledge, capability through corporate culture and code of conduct according with the Company's strategy and operation not only for present day but the future business as well.

- **Career Development Policy**

The Company defines career development policy by which the Company further supports employees in all careers to be continuously developed in their qualifications, knowledge and abilities. Particularly, competency approach has been applied to categorize required business capabilities to Generic competency, Managerial Competency and Functional Competency for analyzing, planning, and leading to individual competency development with diversified development tools for all employee levels. Thus, our employees might be developed to create their high potential specified by both corporate and Line of business (LOB) levels to support sustainable growth and prepare for business expansion throughout the Company.

- **Employee Training & Development Policy**

The Company is always aware that employees are a valuable resource that drives the organization to succeed and grow sustainably. Therefore, the Company continuously develops skills, knowledge and capability of employees at all levels, together with the implementation of human resource management and development systems in various fields.

### **In-house Training**

To encourage and develop the employees to facilitate the organization's strategies and goals most effectively and efficiently. The Company therefore conducts training courses deemed necessary as follows:

#### For management

The managerial competency program, courses have been designed for all management level in order to develop in managerial competency to strengthen leadership and management skills for executives as well as prepare promotion qualification in the future for pre-executive or talent employees. Moreover, this program would elaborately lead executives to support organization's business growth and prepare the Company to become business leader in the industry existed. These courses provide innovated and practical knowledge to be applied to arrange managerial work such as Creating & Strategic Implementation Plan, Modern Supervisory Program, etc.

#### For operational staffs

The functional competency program, courses have been designed for developing and enhancing functional knowledge and functional capability related to operational responsibilities and increasing skill of employees for each career and division concerned such as Risk Management course, Project Management courses, Compliance and Law course, Financial and Accounting Standard courses, Computer skill and Technology related course, Marketing and Sales Management course, Information Technology & ISO standard courses, Administrative Management and Training and Assessments for Building Electricians, etc.

#### For all employees

The Generic Competency Program, courses have been designed to ensure that the employees could perform their work in accordance with the corporate culture at the most efficiency such as Orientation course for new employees, Effective communication, Courses for corporate culture, etc.

Furthermore, to accommodate business expansion, develop employee in English communication skill and achieve their competence continuously, the Company thus developed English communication skills both Classroom Training and E-Learning being used to support a large group of learner both new and current employees. This has enabled employee at all levels developing for this skill more conveniently at anywhere and anytime.

#### **External Training**

In addition to In-house Training, the Company supports all executives and employees to acquire external standard knowledge and skill from training certified courses conducted or instructed by external reputable institutes both local and international in order to enhance their expertise, knowledge, ability and also updating and exchanging new aspect with other organizations to apply some appropriate approach to organization relevantly.

- **Knowledge Management**

For human resources developing in long term and adding business value, the Company thus considers information technology as an important tool for improving staff management efficiency, Project “SAMART knowledge sharing” has been implemented, this promotes knowledge management throughout organization and responds to business’ mission continuously and sustainably.

- **Talent Management Policy and Succession Planning**

The Company designed special HRM & HRD programs and tools to prepare excellent performance and high potential employee (talent) for their succession planning including of Job rotation, Job Enlargement & Enrichment, Job assignment, Talent monitoring, and fast-track program preparation. By encouraging them through employee engagement programs as well, these would motivate talent to full utilize their owned skill, knowledge, competence and potential to dedicate performing all missions to achieve the Company’s goals most efficiently.

Furthermore, the Company always recognizes the importance of having a succession plan, especially at the top management level, to ensure continuity when there is a vacancy or to support expansion of business.

**Summary of training to management and employees of the Company and its subsidiaries in 2019**

Training	Frequency	Number of Participants
In-House Training		
Management	10	57
Employees	17	91
<b>Total</b>	<b>27</b>	<b>148</b>
External Training		
Management	5	6
Employees	10	20
<b>Total</b>	<b>15</b>	<b>26</b>
<b>Grand Total</b>	<b>42</b>	<b>174</b>

**The Cost of training for 2019**

The cost of training for In-House and External Training of the Company and subsidiaries was totaling Baht 168,305.55 Total training hours were 1,055.60 hours per year. The sample in-house and external training programs for 2019 were as follows:

**In-House Training in 2019**

- |  |  |
|--|--|
| 1. Business Plan                               | 11. How to use PR Workflow                               |
| 2. Easy English in the Office                  | 12. First aid and CPR                                    |
| 3. Effective English E-mail Writing Workshop   | 13. English proficiency test                             |
| 4. English for Business Communication Speaking | 14. Caution to submit proposals with government agencies |
| 5. IBM Verse for efficient email system        | 15. Safe driving and knowledge of insurance policies     |
| 6. Leadership and Innovation                   | 16. Knowledge of social security and compensation funds  |
| 7. Orientation                                 | 17. Practice in using the pacemaker                      |
| 8. Samart Management Meeting                   | 18. Accounting Standards 12                              |
| 9. SAMART Strong Together                      | 19. Financial Reporting Standards TRRS 9 and TFRS 16     |
| 10. Briefing in one paper                      | 20. Plan your own PVD investment port                    |

**External Training in 2019**

- |   |  |
|---|--|
| 1. Insight Financial Management               | 8. Insight the new lease agreement issue (TFRS16)                    |
| 2. Update TFRS 15 and TFRS 16                 | 9. Insight Financial Reporting Standards TFRS 9, TFRS 15 and TFRS 16 |
| 3. Update VAT to reduce penalties             | 10. Issues of accounting documents on receiving and payment          |
| 4. Update Tax and Accounting                  | 11. Resolving tax issues of the business                             |
| 5. Submitting electronic financial statements | 12. Knowing new laws and step into the digital age                   |
| 6. Understanding of e-Payment Law             | 13. Updated new laws and deductions                                  |
| 7. Knowledge of social security benefit       |  |

# Corporate Governance

The Board of Directors realizes on the importance of the good Corporate Governance that is the fundamental factor to enhance business operational standard to create transparency, competitiveness and strengthen the confidence of all shareholders, investors and other related parties for sustainable growth of business. Thus, the Company sets the written Corporate Governance Policy and Business Ethics manual comply with the SET's Principles of Good Corporate Governance for listed companies and CSR Concept to business as the general practices guidelines for directors, management and employees under the principle of being a good corporate citizen, who is accountable to employees, customers, shareholders and support to society. In addition, the Company continuously reviews the Corporate Governance Policy and Business Ethics and discloses the latest version on the website at [www.samartdigital.com](http://www.samartdigital.com). The Company Secretary Division take a responsibility as a compliance unit to supervise and oversee the operation of the Company, directors and executives to ensure that they are correctly complied with the regulations of the SET, the SEC, the Public Company Limited Act., and other related laws. The results from intention to carry on Good Corporate Governance for sustainable growth, the Company got the highest score "Excellent" or "5 Stars" in the 2019 Corporate Governance Report and was ranked in Top Quartile for 10 consecutive years.

In 2017, the SEC issued the Principles of Good Corporate Governance for Listed Companies or Corporate Governance Code (CG Code) as practice principles for the Board of Directors, the leader or governing person of the organization, to apply the CG Code to the Company's business in the interest of long-term sustainable value creation and fulfil all stakeholders' expectation. Therefore, the Corporate Governance Committee conducted self-assessment of the Company's Corporate Governance Practices compared to the CG Code to apply appropriate practices in the Company's business before proposing to the Board of Directors' Meeting for approval. The Corporate Governance Committee considered and reviewed the appropriateness of applying good corporate governance principles by means that are suitable for the Company's business to ensure that the Corporate Governance Policy conforms to the related rules, regulations and international corporate governance criteria as well as beneficial to creating value for sustainable business.

## 1. Corporate Governance Policy and Business Ethics

### Corporate Governance Policy

The Board of Directors realizes on the importance of Good Corporate Governance that will create transparency, competitiveness and strengthen the confidence to shareholders, investors and all related parties. The written Corporate Governance Policy has been provided in both Thai and English since 2006 and posted on the Company's website at [www.samartdigital.com](http://www.samartdigital.com) for acknowledgement of employees and publics. The policy focuses on internal control and internal audit system, and the overseeing of the operation of the management to comply with policy effectively for long-term benefits of shareholders under the terms of the law and business ethics. The Corporate Governance Committee strictly oversees the employees to comply with the policy and also reviews and revises the policy annually to comply with the new regulations and the Principles of Good Corporate Governance for listed companies of the SEC. Moreover, the Company has complied with the assessment criteria for survey on listed company corporate governance of IOD and survey on quality in convening the shareholders' meeting of the Thai Investors Association. The Board of Directors' Meeting No. 6/2019 on November 13, 2019 approved the latest revision of the Corporate Governance Policy as follows:

#### 1. Rights of Shareholders

The Company emphasizes and recognizes the importance of the rights of all shareholders equitably; minority shareholders, major shareholders, institutional investors or foreigners. The Company does not hinder or create barriers to allow shareholders to communicate with each other.



All rights that the Company's shareholders obtained in 2019 were as follows:

- **Rights to get share certificate, sell, purchase or transfer the Company's shares**

Thailand Securities Depository Co., Ltd. ("TSD") has been appointed as the Company's registrar to provide all services for all transactions related to registration of the Company's shares.

- **Rights to propose agenda and send question in advance of the Shareholders' Meeting**

The Company is aware of the shareholders' rights and equitable treatment to the shareholders under the good corporate governance and comply with laws. It is the Company policy to allow the shareholders to propose agenda of the shareholders' meeting and submit the enquiries concerning the Company's operation prior to the meeting date. They must comply with criteria on proposing of meeting agenda for shareholders' meeting as specified by the Board of Directors.

In the 2020 Annual General Meeting of Shareholders, the Company allowed shareholders to propose agenda or submit the enquiries at least 3 months in advance prior to the end of the fiscal year from September 27, 2019. The period time for proposing agenda ended January 31, 2020. Any questions can send to the Company prior to the date of the 2020 General Meeting of Shareholders. The Company notified and disclosed contact channels and period for proposing agenda and enquiries via the SET on September 27, 2019 and also provided details of the procedures on the Company's website, under "Investor Relation" on the topic "Proposal question and additional agenda concerning the Company's operation in advance of the AGM".

- **Participation in the Shareholders' Meeting.**

The Company is aware of the shareholders' rights and equitable treatment to participate in the shareholders' meeting, be informed conditions and procedures of meeting as well as having proxy to vote and comment in the meeting on behalf of the shareholders. With realize on convenience to shareholders and to encourage them to attend the shareholders' meeting, the Company is prior to notify and specify date, time and place that comfort the shareholders to participate in the meeting.

There was a shareholders' meeting in 2019, the 2019 Annual General Meeting of Shareholders held on April 26, 2019, at Miracle Grand Convention Hotel, Vibhavadee-Rangsit Road, Laksi, Donmuang, Bangkok, where was convenience for transportation and capability to cover with number of shareholders. The Company prior notified date, time and place that comfort the shareholders to participate in advance of the meeting. In addition, the Company scored "Very Good" (4TIA) from the survey on quality in convening the 2019 AGM by Thai Investors Association. The rights of shareholders to participate in the meeting are as follows:

#### **Before the Meeting Date**

The 2019 Annual General Meeting of Shareholders, the shareholders would be informed the date and agenda of the shareholders' meeting via the SET's communication system 52 days prior to the meeting date. At the same time, the Company also disclosed the notice of shareholders meeting as well as related documents including Annual Report in both Thai and English on the Company's website on the section "Investor Relations" under the topic "Shareholder Information" 35 days prior to the meeting date for the shareholders to have sufficient time for consideration. Same documents were directly delivered to the shareholders by TSD, the Company's registrar, 25 days prior to the meeting date of which better than what required by laws. The notice of shareholders meeting contain fact, rationales, an opinion of the Board of Directors for each agenda, conditions and procedures of meeting as well as other related document with sufficient information for shareholders' consideration. Moreover, the notice of shareholders meeting was published on the newspaper 3 consecutive days and 11 days prior to the meeting date to be in line with law.

To facilitate the institutional investors to participate in the shareholders' meeting, the Company tries to contact them in advance to assist them in proxy preparation and registration.

#### **On the Meeting Date**

Meeting procedures has been set to conform to laws and considering on shareholders' convenience. The Company is aware of the equitable of shareholders' right and their comfort to participate in the shareholders' meeting. Appropriated technology and equipment are sufficient for registration to review on required documents more than 1 hour prior to commencement of the meeting by arrangement of Barcode system in vote counting for faster voting result. There were 7 directors attended in the 2019 Annual General Meeting of Shareholders. Moreover, Chairman of all committees, the Company's management and external auditors were also present in the meeting in order that the shareholders could ask questions during the meeting. The Chairman of the Board of Directors was Chairman of the meeting introduced all Board members and management, total shareholders attending in the meeting both in person and by proxy and total shares that entitled to vote to the shareholders for acknowledgement. In the 2019 Annual General Meeting of Shareholders, there were 37 shareholders attending the meeting classified to 13 shareholders in person and 24 shareholders by proxy. In addition, the Company asked for volunteer from shareholders or proxy to be the counting vote inspector. The Chairman declared vote casting, counting procedures and other related matters for shareholder's acknowledgement before commencement of the meeting including the results of an invitation to propose agenda of the 2019 AGM and sending question prior to the 2019 AGM. In addition, the directors who were the Company's shareholders requested for abstention their vote in the agendas they had interest therein. Then, the Chairman proceeded the meeting to be in line with the agenda without any additional topic from the invitation letter. Voting cards were provided for significant agenda. Voting result in term of approval, disapproval or abstain for each agenda were transparently presented to the meeting. In the Meeting, the shareholders were encouraged to express their opinions and raise questions either in the agenda or other questions related to the Company's business. All questions and replies included significant opinions and suggestions from the shareholders were recorded in the minutes of Meeting. After the meeting, the shareholders were requested to return the voting cards to keep as evidence.

#### **After the Shareholders' Meeting**

Resolution of the meeting was publicized via the SET portal with all voting details in approval, disapproval and abstention of each agenda on the meeting date. The Full Minutes of the Shareholders' Meeting, of which disclosed the attendance and absence of directors and management, summary of significant questions and answers during the meeting in both Thai and English, has been sent to the SET and related parties by 14 days after the meeting date. It was also posted on the Company's website for consideration of shareholders.

- **Appointment / Dismissal of Directors of the Company and Approve their Remuneration**

According to the Company's Articles of Association, at the Annual General Meeting of Shareholders, one-third (1/3) of the Directors has to be retired by rotation. Election for replacement is required. The retired directors are eligible to be re-elected for another term. The election of the Board of Directors shall be in accordance with the rules and procedures as follows:

- Each shareholder shall have one vote on each share.
- In voting, a shareholder shall vote in accordance with the number of votes each shareholder for one or several directors. The said shareholder may not allot any number of his/her votes to any person.
- The person obtaining the highest and higher votes respectively shall be elected as directors equal to the number of directors required or ought to be elected at such a meeting. In the event that persons receiving votes in respective orders receive equal votes and the number of directors exceeds the positions required or ought to be, the Chairman of the meeting shall have a casting vote.

Apart from the appointment of Directors, the shareholders also have rights to remove any director from the office before the expiration of his/her term of office by having votes of not less than three quarters (3/4) of the number of shareholders attending the meeting and having the rights to vote. The aggregate number of shares shall be not less than one half (1/2) of the shares held by all the shareholders attending the meeting and having the rights to vote.

In every General Meeting of Shareholders, the shareholders have the rights to consider and approve the remuneration for all directors and members of Committees. Adequate information of all candidates were delivered to shareholders for consideration.

- **Appointment of Auditors and approval of their remuneration**

In every Annual General Meeting of Shareholders, one of the agenda is the appointment of Company's auditors and consideration of their remuneration. The Company will propose name of the auditors with sufficient details and remuneration for consideration of the shareholders.

- **Regularly and timely obtained adequate information, business performance and management policy**

The Company concerns on Shareholders' rights and not only disclosed Company's information via the SET's communication system but also posted all significant and updated information on the Company's website at [www.samartdigital.com](http://www.samartdigital.com).

- **Profit Sharing**

The Company has a policy to pay dividend to shareholders of no less than 50% of its net profit after deduction of all reserves as stated in the Company's Articles of Association and related laws. However, the dividend payment is subject to the Company's future investment plans and business expansion, including other necessity and suitability.

In consideration of dividend payment for profit from disposal of investment or fixed assets of the Company or subsidiaries, it is at the discretion of Management and the Board of Directors to consider whether or not to pay dividend or amount to be paid by taking into account the Company's future investment plans and business expansion including other necessity and suitability.

The dividend payment of subsidiaries should base on policy of the Company.

As reported net loss for 2018, the 2019 Annual General Meeting of Shareholders resolved to approve the omission of dividend payment for 2018.

Details of dividend payment policy of the Company and subsidiaries including dividend payment in the past 3 years were shown in the section "Dividend Payment Policy".

Apart from such shareholders' rights, the Company does not prevent or obstruct any opportunities to allow the shareholders to communicate with each other.

## **2. Equitable Treatment of Shareholders**

The Company realizes to protect and due care for the interests of all major and minor shareholders as fairly basis. In addition, the Company sets policy for equitably treatment to all shareholders for attending and vote in the shareholders' meetings, sharing in profits, regularly and timely obtained adequate information, business performance and management policy. In the shareholders' meeting, each shareholder shall have one vote on each ordinary share. Proxy form and requiring documents are delivered together with the invitation letter for

shareholders who would like to appoint a proxy. Proxy form, which contains detail of voting as approve, disapprove or abstain, as well as details of 3 independent directors also are attached for shareholders consideration as alternative proxy and also required document, evidence and proxy method, has been prepared in Thai and English for convenience of the shareholders.

In the 2019 Annual General Meeting of Shareholders, there were 17 shareholders assigned the Company's independent directors to be their proxy to attend and vote in the meeting. In addition, voting cards were provided for each agenda, especially, the agenda of appointment of directors of which been appointed by individual. In every shareholders meeting, the meetings will conduct to be in line with the agenda without any additional topic from the invitation letter in order to prevent the restraining rights of the shareholders who could not participate in the meeting by themselves. In addition, the Company set criteria about Inside Information Monitoring of which details shown in the section "Inside Information Control".

### **3. Attention to Stakeholders**

The Company is aware that the support from each stakeholder should increase the competitiveness and ability to generate more benefit for long-term success and also realizes the importance of all stakeholders i.e. shareholders, employees of the Company and its subsidiaries, customers, competitors, trade partners, lenders, societies and environment. Therefore, the Company provides more channels for the stakeholders to contact directly to the Company in order to provide either comments or recommendations of which will be benefit to the Company. Thus, general rules and practices have been set for directors, management and employees in the Company's Business Ethics to cover rights and equitable benefits to all stakeholders and posted on the Company's website at [www.samartdigital.com](http://www.samartdigital.com).

The latest revision of the Business Ethics was approved from the Board of Directors' Meeting No. 6/2019 on November 13, 2019. Details regarding Attention to Stakeholders were shown in the section "Business Ethics".

### **4. Disclosure and Transparency**

The Company has strong determination to reveal accurate complete, consistent and updated information, both financial and general information that related to Company's business. The complete, consistent and updated information will truly reflect the Company's financial performance and future business direction. The Company has a policy to disclose information of any significant and future business directions, so that shareholders and stakeholders can access information comfortably and speedily as follows:

- To submit the financial report and Management Discussion and Analysis (MD&A) to the Stock Exchange of Thailand ("SET") and the Securities and Exchange Commission Thailand ("SEC") within the specified timeframe. The financial report did not have any transactions where the auditor opinioned with qualified, the financial statement has also never been revised under the order of the SET and the SEC. In order to make the investors are more well informed and understand the changes occurred to the financial position and operating results of the Company in each quarter and post it on the Company's website at [www.samartdigital.com](http://www.samartdigital.com) and the SET's communication system.
- Criteria on provision of remuneration to directors and executives have been clearly disclosed. More details were shown in "Management Structure" under the topic "Remuneration of Directors and Management".
- Details on connected transactions have been clearly disclosed to prevent a conflict of interest. More details were shown in "Connected Transactions".
- Shareholding information of directors and executives has been disclosed in the Annual Report and the Annual Disclosure information. In addition, the Company has a policy requiring directors and executives to report the change in their securities holding within 3 business days from the date the securities have

been purchased, sold, transferred or accepted transfer. The Company Secretary unit shall coordinate on submission of such report to the SET and the SEC. Moreover, directors and executives should report their securities holding in every board's meeting.

Securities holding information of the directors and the executives in 2019 were as follows:

Director / Executive	Ordinary Share (shares)				
	1/1/2019 or appointment date	Acquisition during the year	Disposal during the year	31/12/2018	Increase (Decrease)
1. Mr. Piyapan Champasut	-	-	-	-	-
Spouse and minor children	-	-	-	-	-
2. Dr. Chotivid Chayavadhanangkur	9,000,000	-	-	9,000,000	-
Spouse and minor children	-	-	-	-	-
3. Mr. Kunthit Arunyananda	800,000	-	-	800,000	-
Spouse and minor children	-	-	-	-	-
4. Mr. Charoenrath Vilailuck	-	-	-	-	-
Spouse and minor children	-	-	-	-	-
5. Mr. Watchai Vilailuck	23,343,000	-	-	23,343,000	-
Spouse and minor children	-	-	-	-	-
6. Mrs. Sukanya Vanichjakvong	13,400,000	-	-	13,400,000	-
Spouse and minor children	1,500,000	-	-	1,500,000	-
7. Mrs. Sumonthip Srimek	-	-	-	-	-
Spouse and minor children	-	-	-	-	-
8. Mr. Suchat Satprasert	1,265,600	-	(1,265,600)	-	(1,265,600)
Spouse and minor children	-	-	-	-	-
9. Mr. Hiran Phanbanlaem	20,000	-	-	20,000	-
Spouse and minor children	-	-	-	-	-

Furthermore, the Company also has a policy to report the transaction may has conflict of interest of directors and executives as follows:

- 1) Director and executive shall submit their first report on transaction with interest within 30 days from the date of appointment as director or executive pursuant to the specified report form.
- 2) Director and executive shall report a change of transaction with interest within 30 days from the date of such change pursuant to the specified report form.
- 3) Report on transaction may has conflict of interest shall be kept at the Company Secretary and the Company secretary shall arrange to submit a copy of such report to the Chairman of the Board and the Chairman of the Audit Committee within 7 business days from the date of receipt such report.

The Company discloses to shareholders, investors and any related parties via the SET's Communication system, the Company's website at [www.samartdigital.com](http://www.samartdigital.com), press release, the Company's Annual Report, Form 56-1 and the Opportunity Day.

The Board of Directors has supervised to ensure that any person involved in the preparation and disclosure of any information of the Company has relevant knowledge, appropriate skills and experience needed for their responsibilities, and sufficient resources as well as ensure that the Company's disclosures are transparency and strictly complied by laws, the Company's and any related regulations. The Board of Directors has major concerned on transparency and disclosure in the following area:

- **Information Disclosure Policy**

The Company appreciates on management and business operations in accordance with the principles of good corporate governance. In order to ensure that the information disclosure is accurate, complete transparency and equal, complied with laws and the relevant regulations. Therefore, the Company has established information disclosure policy to be a guideline for directors and employees as follows:

1. Information disclosure in both financial and non-financial should be accurate, complete, sufficient, reliable and on time to ensure that shareholders and stakeholders of the Company receive the information equally.
2. Information disclosure of the Company must be prepared carefully, clearly, accurately and transparently.
3. Be careful to disclose important information that affects the price or value of the Company's securities and complying with the regulations and announcement of the SET.
4. Clearly appoint a responsible person to disclose the Company's information to public.

The persons who have the right to disclose important information not yet disclosed to the public are as follows:

1. Executive Chairman
2. Chief Executive Officer (CEO) or President
3. Manager of Investor Relation of the Company
4. Authorized person from Executive Chairman or Chief Executive Officer or President

Those who do not relevant or assigned duties cannot provide information or interview to the media or public about the Company's business.

- **Provide multi channels for disclosure of information apart from the SET's communication system**

- **Annual Report and Form 56-1**

The Board of Directors has to ensure that Annual Report and Form 56-1 contains adequate information with accuracy, clarity and could create understanding to the shareholders and related parties on the Company's operation and its performance for the previous year as well as the management structure, nature of business, financial status, performance of the Board of Directors and all Committees.

- **Company's website**

The Board of Directors is aware of the efficiency of website disclosure to the shareholders and related persons as well as equitably and easily of getting information. The Board of Directors therefore ensures the Company not only provides all significant information of the Company in the Company's Annual Report but also on the Company's website at [www.samartdigital.com](http://www.samartdigital.com) in both languages, Thai and English. The disclosed information comprised of Corporate Governance Policy, Business Ethics, General News, Financial Statement as well as Annual Report, Form 56-1, etc.

- **Investors Relation**

The Company has also set up an Investors Relation section to provide Company's information and activities for investors, shareholders, analysts and general public via Company's website, Roadshow, analysts meetings, conference calls, etc. The Company's Investor Relations can be contacted at phone number 0-2502-6583 or via [www.samartdigital.com](http://www.samartdigital.com) or e-mail address at [InvestorRelations@samartdigital.com](mailto:InvestorRelations@samartdigital.com). Ethics of the investor relations are as follows:

1. Conduct duties with integrity.
2. Disclose necessary information completely and fairly to all relevant groups equally.
3. Allow all relevant groups to access and enquire the information.
4. Perform duties by mainly adhering to benefits of the shareholders and the stakeholders.
5. Preserve confidential information of the Company and must not use inside information for personal gain.
6. Perform duties at his/her best and professionally.
7. Keep on studying to develop efficiency of the work.
8. Observe the principle on not accepting the appointment during the period close to financial statement announcement and the practical guidelines on securities trading specified by the Company.

In addition to the above, the announcement on the Company's financial performance has been arranged for shareholders, investors, analysts and public on a quarterly basis with participation of the executives.

Number of meetings with investors and analysts in 2019 were summarized below:

- |   |    |       |
|---|----|-------|
| - Analyst Meeting and Road Show         | 11 | Times |
| - Announcement of Company's Performance | 5  | Times |

- **Disclosure of Information of the Board of Directors and Committees**

- Structure, Roles and Responsibilities of the Board as well as performance of the Board and each Committee.
- Directors' Remunerations: Policy of Directors' Remuneration has been clearly and transparently set to be comparable to the general practice in same industry and consistent with the Company's strategies and long-term objective as be appealing enough to attract and retain qualified directors. The directors who also be appointed to be the member of any Committees will be paid appropriately more in accordance with the extra work. The Nominating and Compensation Committee will consider the remuneration and propose for consideration of the Board of Directors prior to further approval from the shareholders.

The above information and remuneration of each board member have been disclosed on the Company's Annual Report and Form 56-1 in "Management Structure" under the topic "Remuneration of Directors and Management".

- **Accountability to the Financial Statement**

The Board of Directors is responsible for the consolidated financial statements of the Company and its subsidiaries and any financial information that appears in the Annual Report of which consistent with the Company's strategies and long-term objective. The financial statements are prepared in accordance with Thai Financial Reporting Standard. Appropriate accounting policies are used and practiced regularly. Careful consideration and best estimates are made with sufficient disclosure of information in the notes to the financial statements. This is to ensure transparency and benefits to the shareholders and investors. The financial statements have been audited and commented independently by the authorized auditors of the SEC to increase confidence and reliability of the report. Additionally, the Company has no record to amend financial statement from the SET and the SEC.



The Board of Directors also set out and maintained for the efficiency of the Company's internal control system to ensure that the financial information had been correctly and accurately booked and sufficient to maintain the Company's assets and be aware of weak points in order to prevent whether from any dishonesty or significant error. The Board of Directors had appointed the Audit Committee of which comprised independent directors to be responsible for the quality of the financial statements and the internal control system and disclosed such opinion in the Annual Report under the Report of the Audit Committee. Moreover, Report of the Board of Directors' responsibility on the Company's Financial Statements was also attached in the Company's Annual Report.

## **5. Roles and Responsibilities of the Board of Directors**

As the Board of Directors is the key success of Corporate Governance practice for the highest benefit of the Company, thus, the Company sets policies relating to roles and responsibilities of the Board i.e. composition, qualification of directors in order that the Board performs duty effectively in the following details:

### **5.1 Composition of the Board of Directors**

The Board of Directors comprise of directors who have various knowledge, experience, transparent working background, nobility and integrity and have occupational diversification. In addition, they have the skills that are beneficial to the Company's business operation, such as accounting & finance, management, strategic planning, laws and corporate governance and other without any gender discrimination. The Board will also have leadership and vision to carry on the Company's business and achieve its objectives. The Company has 6 directors who complied with the qualification that been described under "Management Structure". In addition, all of the Directors have contributed their best to the Company from their participation in the meeting. Details of directors' qualification and number of attendance in the meeting were shown in "Meeting of the Board of Directors and Committees"

### **5.2 The Independent of the Board of Directors**

- **Separation of Chairman and CEO**

For the best benefit of shareholders and balance of power within the Company, the Chairman of the Board of Directors is not the same person as CEO. The Company's Chairman of the Board of Directors is an independent director who has the qualifications of independent director in accordance with the SET's notification and has no business relation with any management of the Company.

#### **Roles and Responsibilities of the Chairman of the Board of Directors**

1. Oversee, monitor, and ensure that the Board of Directors efficiently carries out its duties to achieve the Company's objectives.
2. Ensure that all directors contribute to the Company's ethical culture and good corporate governance.
3. Set the board meeting agenda by discussing with the Chief Executive Officer which important matters should be included.
4. Allocate sufficient time for management to propose topic, and for directors to debate important matters thoroughly. Encourage directors to exercise independent judgement in the best interest of the Company.
5. Promote a culture of openness and debate through ensuring constructive relations between executive and non-executive directors, and between the board and management.



**Roles and Responsibilities of Chief Executive Officer**

1. Manage and control general business operation of the Company to comply with its objectives, policy and the Articles of Association.
2. Consider investment plans before proposing to the Executive Board and the Board of Directors for further approval.
3. Consider the criteria and procedures for nomination and recruiting person to be top management together with the Nomination and Compensation Committee.
4. Act on behalf or in the name of the Company as delegation of authorities defined in the Company's policy and practice.
5. Carry out any assignment from the resolutions of the Board of Directors and/or the Company's shareholders meetings.

The delegation of authorities, duties and responsibilities of CEO shall not be delegated or further assigned that authorize CEO or its attorney to approve any transactions that CEO or connected persons or any persons who may have conflict of interest have done with the Company or its subsidiaries unless such transactions are complied with the Company's policy or principle approved by the Board of Directors. Such connected transactions shall be proposed to the meeting of the Board of Directors and/or shareholders for approval to comply with the notification of the Stock Exchange of Thailand, the Securities and Exchange Commission or related law.

- **Balance between members**

More than half of the members of the Board of Directors are not a part of executive team. Within this half, one third of the directors and shall at least 3 members are independent members who have no relations, business or personal, with the Company's executives. Free from executives' influences, they oversee the Company's direction with neutrality and pay careful attention to the rights of shareholder and stakeholder. To strike a balance of power within the Company, the positions of Chairman of the Board of Directors and Executive Chairman must not be the same person. The Chairman of the Board of Directors should be an independent member.

The Board of Directors of the Company as of December 31, 2019 comprised of 6 members with various qualifications, skills, experience and expertise. Composition of the members is as follows:

- 3 Independent Directors (equal to 50% of the Board of Directors)
- 2 Executive Directors (representatives from major shareholders)
- 1 Non-Executive Directors (representatives from major shareholders)

The 3 Independent Directors have working experience relating to the Company's business.

The shareholders could have confidence that the directors as representatives of the shareholders could perform their duty without any influence or control by management of the Company by the above structure.

- **Roles and Responsibilities of the Board of Directors and CEO**

The Company has clearly set the separate roles and responsibilities of the Board of Directors and CEO. The Board of Directors will focus and ensure that the Company's business will achieve its target and in the direction that create value and best benefit to the shareholders as well as all stakeholders. Any conflict of interest with the Company and its subsidiaries will be prohibited. The Board will also comply with the Company's Ethics with responsibility, due care, and integrity to ensure all Company's businesses are run under the Company's objectives, the Articles of Association,

resolutions of the Board of Directors' and shareholders' meetings as well as laws and regulations of the SET, the SEC and other related laws. At the same time, CEO who is the management's leader will focus on general management of the Company.

### 5.3 Being Director in other Listed Companies

- **Policy for directors to serve as directors in other listed companies**

For efficiency of being the director, the Board of Directors of the Company has set the policy for all directors to be the director in any listed companies not exceeding 5 companies. However, there is not any of the existing 6 directors of the Company is being the director in listed companies over than 5 companies and also could participate and contribute to the Company with efficiency of which better than not exceed 5 companies according to guideline of Corporate Governance.

- **Policy for top executives to serve as directors in other companies**

The top executives of the Company will also be obtained approval from the Executive Committee prior to be a director in any companies of which are not have either similar business or being the Company's competitors.

### 5.4 Transparency of Nomination of Directors and Top Management

The Board of Directors ensures the Company to provide transparency process of nomination of directors and top management of the Company of which the details are disclosed under "Nomination of Directors and Management"

### 5.5 Board of Directors' Activities in the previous year

#### 5.5.1 Set Policy and Business Direction

The Board of Directors has clearly established the Company's Vision & Mission are which details are provided under "Policy and Overview on business Operation" in the topic of "Corporate Vision, Mission, Goals and Strategies"

#### Monitoring on Business Ethics

The Company conveyed business ethics practices via various channels and the Company also specified that all directors, executives and employees have responsibility to acknowledge and comply with the Company's policies and regulations. The supervisors or the superior officers at all level have to monitor the compliance with the business ethics as well as to give recommendation and advise in case there is a problem on making decision or performing the works concerning the business ethics which have not been specified elsewhere. However, such recommendation must be based on the legal rules and it must not against the policy or business ethics of the Company, must not have negative impact to the Company's image including must not cause negative effect to the Company's stakeholders. The Company shall revise and improve its business ethics policy continually to make it always appropriate and up-to-date.

In the event that it is found that there is a violation of the business ethics, the supervisor shall undertake the necessary measures to solve or make good of such action or may issue a warning notice, as the case may be. The wrongdoer shall be subject to disciplinary penalty and may also be faced with legal penalty, if such action is against the law.

Moreover, to comply with the principle of the sufficient internal control assessment and accordance with good corporate governance of the Company. The Company conducted self-assessment of the

Company's business ethic for executive to evaluate the proceeds of the business ethic and reported to the Audit Committee to consider in the following areas:

1. Conflict of interest
2. Accountability to shareholders
3. Employee policies
4. Employee ethics
5. Customer policies
6. Trade partner policies
7. Creditors policies
8. Counterpart/Competitor policies
9. Anti-Corruption policy
10. Money Laundering policy
11. Tax policy
12. Sustainable Development policy
13. Responsibility to societies
14. Responsibility to communities
15. Responsibility to environment
16. Non-violation of human rights policy
17. Copyright and intellectual property policy

From the above self-assessment covering 17 areas, the Company's executive completely proceeds to the defined business ethic.

Moreover, the Company also has one more channel to receive the misconduct information or complaint or opinion on violation of law or ethics including on the behavior which may lead to the corruption or inequality treatment, the details on procedures and methods on informing such information, as well as the protection of the informant can be found in "Business Ethics" in the Subject of Procedures and methods on "Notifying the information on misconduct and the protection of the informant".

#### **5.5.2 Leadership and Vision**

The Board of Directors reviews, revises and approve the Company's vision, mission, Corporate Governance Policy, Business Ethics annually and co-considers in strategies, goal, direction, business plan, budget, internal control and internal audit systems, and risk management. The Audit Committee will follow up progress of such matters regularly reports to the Board of Directors. The Board of Directors also governs the management to follow such business plan and budget with efficiency and profitability for the highest economic value to the Company and the best stability to the shareholders. The Board of Directors has not only ensure the Company and its management to oversee the value of all stakeholders, neither derive personal benefit nor create any competition with the Company and its subsidiaries. The Board of Directors also conduct the business with great awareness in ethical, moral and compliance to the Company's Articles of Associations, laws and regulations of the SET and the SEC. The Board of Directors has provided effective internal control system, internal auditing and risk management measures for the Company, and assigned the Audit Committee to monitor and regularly report to the Board of Directors.

The Company's vision, mission, business direction, Corporate Governance Policy, Risk Management Policy and Business Ethics have been posted on the Company's website at [www.samartdigital.com](http://www.samartdigital.com) and disclosed in the Annual Report under the governance of the Corporate Governance Committee to have all employees to strictly conform and practice.

In addition, the Company has communicated vision, mission, objective and business goals throughout the Company in order to drive the business in the same direction. The Company has organized management meeting for manager level up twice a year and communicated the matters to all employees in the organization through various media such as e-mail, computer screen saver, message on public relations board and company's elevator and other online media in the Company.

### **5.5.3 Appointment of Committees**

For governing the management to comply with the approved policies and having better efficiency, the Board of Directors appointed the following 6 committees to help the Board for consideration in significant matters:

- Audit Committee
- Executive Committee
- Corporate Governance Committee
- Nominating and Compensation Committee
- Risk Management Committee
- Sustainable Development Committee

Roles and responsibilities of each committee were disclosed in "Committees". In addition, the Charters of all Committees have been set and disclosed on the Company's website at [www.samartdigital.com](http://www.samartdigital.com).

### **5.5.4 Meeting of the Board of Directors and Committees**

#### **1) The Board of Directors**

The Board of Directors' Meeting schedule has been set at least 5 times a year with certain agenda. The annual meeting schedule will be sent to each director by Company Secretary for preparation, arrangement and participation. However, additional unscheduled board meetings may be called upon appropriate notice at any time to address specific needs of the Company. The operating results will be regularly reviewed. The notice of the Board of Directors' meeting with the meeting materials will be delivered by Company Secretary to all directors at least 5 working days prior to the meeting date for consideration. While the Company's Articles of Association stipulate that the notice should be sent to directors no less than 7 days before the meeting date except in urgent cases. In addition, if directors would like to propose the agenda, they will inform prior to the meeting date or propose as other matters in the meeting.

At a meeting of the Board of Directors, the presence of not less than one-half of the total number of directors is required to constitute a quorum. In the event the chairman is not present or is unable to discharge his duties, the vice-chairman, if any, shall serve as a chairman. If there is no vice-chairman or such vice-chairman is unable to discharge his duties, the directors present shall elect one of their members as a chairman of the said meeting. The Company set a minimum quorum at the time of voting to be at least two-thirds of all directors attending the meeting. All resolutions of the Board of Directors' meeting shall be passed by the majority vote of the directors presented at the meeting. Each director shall have one vote, however, the director who has interest in any matter cannot exercise the right of such voting. In case of equality votes, the chairman shall have a casting vote.

The average length of the meeting is approximately 2 hours. In 2019, there were 6 meetings as follows:

Directors	Position	Date of appointment	Term of position (year/month)	Number of attendance / total number of meeting
1. Mr. Piyapan Champasut	Chairman of the Board of Directors / Independent Director / Audit Committee Member	March 1, 2016	3/10	6/6
2. Dr. Chotivid Chayavadhanangkur	Independent Director / Chairman of the Audit Committee / Chairman of the Corporate Governance Committee/ Nominating and Compensation Committee Member	September 30, 2003	16/3	6/6
3. Mr. Kunthit Arunyananda	Independent Director / Audit Committee member / Chairman of the Nominating and Compensation Committee / Corporate Governance Committee Member	September 30, 2003	16/3	6/6
4. Mr. Charoenrath Vilailuck <sup>(1)</sup>	Director / Risk Management Committee Member	September 30, 2003	16/3	6/6
5. Mr. Watchai Vilailuck <sup>(1)</sup>	Authorized Director / Chief Executive Officer / Executive Chairman / Chairman of the Risk Management Committee	September 30, 2003	16/3	6/6
6. Mrs. Sukanya Vanichjakvong <sup>(1)</sup>	Authorized Director / Chairman of the Sustainable Development Committee / Executive Director / Risk Management Committee Member / Corporate Governance Committee Member / Nominating and Compensation Committee Member	November 12, 2015	4/1	6/6
7. Mr. Teerachai Phongpanangam <sup>(1), (2)</sup>	Director	November 13, 2018	0/6	4/4

**Remarks:** <sup>(1)</sup> Representative directors from Samart Corporation Plc., a major shareholder, with 82.70% stake holding.

<sup>(2)</sup> Resigned from Director on May 31, 2019. There were 4 meetings during his directorship.

In 2019, the Board of Directors considered the following matters:

- Certified the Minutes of the previous Board of Directors' Meeting
- Acknowledged the change in Securities holding of directors and executives from last meeting
- Acknowledged the annual performance assessment
- Acknowledged the performances of Committees
- Acknowledged the result of proposing agenda from shareholders and sending question prior to the AGM date
- Acknowledged the CGR of Listed Companies
- Acknowledged the survey on quality in convening the AGM
- Acknowledged the online report on the Acquisition or Disposition of Securities (Form 246-2)
- Approved the Company's financial statement and the quarterly financial statements
- Approved annual and quarterly MD&A
- Approved the evaluation of the adequacy of internal control system
- Approved statutory reserve and dividend payment
- Approved the appointment of the Board of Directors and the members in each Committees to replace of those who retire by rotation
- Approved the remuneration of the Board of Directors and Committees
- Approved the appointment of the Company's auditor and fixing audit fee

- Approved the date, time, place and agendas of the AGM
- Approved the Directors and Officers Liabilities and Corporate Reimbursement Insurance
- Approved annual bonus for directors and committees
- Approved the appointment of head of internal audit
- Approved the annual business plan
- Approved the change in method of calculating interest rate on loans between the Company and related parties
- Reviewed the implementation of the CG Code and revised the Company's Corporate Governance Policy, Business Ethics, Charter of Board Directors and Committees
- Approved criteria for self-assessment of the Board of Directors, Committees, CEO and Company Secretary
- Approved the meeting schedule of the Board of Directors, Committees and Shareholders
- Reviewed the criteria and procedures of nomination of Directors and Management
- Approved salary increment rate and bonus policy

The minutes for all meetings are recorded in written, kept and be ready for verification by the directors or any related parties.

## 2) Committees

In 2019, numbers of each meeting and time attendance of each member were summarized below:

Directors	Number of Attendance / Total Number of Meeting					
	Audit Committee	Executive Committee	Corporate Governance Committee	Nominating and Compensation Committee	Risk Management Committee	Sustainable Development Committee
1. Mr. Piyapan Champasut	4/4					
2. Dr. Chotivid Chayavadhanangkur	4/4		2/2	3/3		
3. Mr. Kunthit Arunyananda	4/4		2/2	3/3		
4. Mr. Charoenrath Vilailuck					3/3	
5. Mr. Watchai Vilailuck		10/11			3/3	
6. Mrs. Sukanya Vanichjakvong		11/11	2/2	3/3	3/3	2/2
7. Mrs. Sumonthip Srimek		11/11				2/2
8. Mr. Suchat Satprasert		11/11				2/2
9. Mr. Hiran Phanbanlaem		11/11				2/2
10. Miss Boonrut Mongkolratanakorn						2/2

## 3) Meeting among members of non-executive directors

In 2019, the Company has arranged the meeting among only members of the Non-Executive Directors of the Company prior or after to the Board of Directors' Meeting every time without any participation of the management team, in order to have discussion on management issues of the Company freely.

All Committees carried out their duties assigned by the Board of Directors, regularly report the performance to the Board of Directors, and provide annual performances report to shareholders in the Annual Report.



**5.6 Conflicts of Interest**

To prevent conflicts of interest, the Company has drawn out guidelines for directors and employees to perform as details in “Business Ethics”.

**5.7 Internal Control, Internal Audit and Risk Management**

Please see details in “Internal Control and Risk Management” and “Anti-Corruption”.

**5.8 The Assessment of the Board of Directors, Committees, CEO, Company Secretary and Head of Internal Audit****5.8.1 Board Self-Assessment and Director Self-Assessment**

The Corporate Governance Committee is responsible for self-assessment of the Board of Directors and individual director to annually review and evaluate directors’ performance to comply with Corporate Governance of the Company. Comments and recommendations from the assessments are further considered in the Board of Directors’ Meeting for improvement.

**Board Self-Assessment**

The Corporate Governance Committee has initiated the Self-Assessment form for board members to review and evaluate their performance for 2019 as a whole. The assessment form, approved by the Board of Directors’ Meeting No. 6/2019 on November 13 2019, was submitted to all directors for assessment. The questionnaire covered the following areas:

1. Structure and qualifications
2. Roles, duties and responsibilities
3. Meeting
4. Performance
5. Relationship with management
6. Director’s self-development and management training

The 2019 Board Self-Assessment, evaluated by 6 directors in the above 6 areas, has an excellent evaluation by obtaining average score of 95.34%.

**Director Self-Assessment**

The Corporate Governance Committee has initiated the Self-Assessment form for director to evaluate their performance individually. The result of assessment was used to develop the performance of director. The assessment form, approved by the Board of Directors’ Meeting No. 6/2019 on November 13, 2019, was submitted to all directors for assessment. The questionnaire covered the following areas:

1. Structure and qualifications
2. Meeting
3. Roles, duties and responsibilities
4. Self-development

The 2019 Director Self-Assessment, evaluated by 6 directors in the above 4 areas, has an excellent evaluation by obtaining average score of 95.83%.

**5.8.2 Committee Self-Assessment**

The Corporate Governance Committee has initiated the Self-Assessment form of Committees annually. The assessment result is considered to continuously improve the performance of the committee and to comply with roles and responsibilities as assigned by the Board of Directors. The

assessment form, approved by the Board of Directors' Meeting No. 6/2019 on November 13, 2019, was submitted to all Committees members for assessment. The criteria for self-assessments of Executive committee, Corporate Governance Committee, Nominating and Compensation Committee, Risk Management Committee and Sustainable Development Committee covered the following areas:

1. Structure and qualifications
2. Meeting
3. Roles, duties and responsibilities
4. Development and training

The Audit Committee Self-Assessment is implemented for the Audit Committee to evaluate its own performance in the past year with regards to the compliance with prudent practices and effectiveness. The questionnaire covered the following areas:

1. Structure and qualifications
2. Meeting
3. Roles, duties and responsibilities
4. Development and training
5. Activities of the Audit Committee
6. Relationship between head of internal audit, external auditors and executives

The results of each Committee Self-Assessment were shown below:

	Result	Average Score (%)
1. Executive Committee	Excellent	91.58
2. Risk Management Committee	Excellent	96.43
3. Nominating and Compensation Committee	Excellent	95.42
4. Corporate Governance Committee	Excellent	94.74
5. Audit Committee	Excellent	99.12
6. Sustainable Development Committee	Very Good	82.50

### 5.8.3 CEO Assessment

The Corporate Governance Committee has initiated CEO Assessment annually. The assessment form was approved by the Board of Directors' Meeting No. 6/2019 on November 13, 2019 and was submitted to all directors for assessment. Assessment result would be considered for remuneration adjustment. The questionnaire covered the following areas:

1. Leadership
2. Strategy formulation
3. Financial planning and performance
4. Board relations
5. Risk management and internal control
6. Human resources management
7. Succession Plan
8. Product and service knowledge
9. Good corporate governance and code of business conduct

The 2019 CEO Assessment, evaluated by the Company's 5 directors in the above 9 areas, has an excellent evaluation by obtaining average score of 95.53%.

#### **5.8.4 Company Secretary Assessment**

The Corporate Governance Committee conducts the Company Secretary assessment annually. Results of the assessment will use to develop working performance of Company Secretary to support the Board of Directors in compliance with the roles and regulations of the SET and the SEC. In 2019, the Board of Directors considered the criteria of Company Secretary Assessment in its meeting No. 6/2019 on November 13, 2019. The form of Assessment was submitted to each director for assessment in the following areas:

1. Knowledge
2. Compliance
3. Communication and Coordination
4. Documentation
5. Meeting
6. Corporate Governance

The 2019 Company Secretary Assessment, evaluated by 6 directors in the above 6 areas, has an excellent evaluation by obtaining average score of 97.38%.

#### **5.8.5 Head of Internal Audit Assessment**

The Audit Committee is assigned by the Board of Directors to assess performance of Head of Internal Audit annually. Results of the assessment will use to develop working performance of Head of Internal Audit and Internal Audit Office in both audit work and independent consulting on governance, risk management and other control. The form has been approved by the Audit Committee in its meeting No. 4/2019 on November 13, 2019 and was submitted to each member for assessment in the following areas:

1. Purpose, Authority and Responsibility
2. Independence and Objectivity
3. Qualification and Professional
4. Continuous Improvement
5. Internal Audit Office Management
6. Knowledge and Competency

The 2019 Head of Internal Audit Assessment, evaluated by 3 Audit Committee members in the above 6 areas, has an excellent evaluation by obtaining average score of 98.67%.

### **5.9 Development of Directors and Management**

#### **Development of Directors**

The Company provides orientation for all new directors to acknowledge sufficient information before his or her post. In addition, director's manual, document and useful information beneficial to perform the duties of directors are prepared for new directors to get ready to conduct his/her duty. The Company Secretary shall be a coordinator for the orientation with the following matters:

- Matters that should be known: Nature of business, business structure, directors' structure, scope of power and duty, related laws as well as policies and practical guidelines for supervising the Company's business.
- General knowledge of the business: Business operation guidelines to enhance knowledge and understanding on business and various operations of the Company.
- Arrange to have a meeting with the Chairman and the Executive Chairman/CEO to enquire in-depth information about business operation of the Company.

In addition to support and increase knowledgeable of directors, the Company also encourages all directors to strengthen their skills and knowledge for performing their duties including knowledge and understanding of relevant law and standards, and other applicable obligations, risk factors, and the Company's business environment. The board should receive accurate, timely and clear information, including timely and regular updates. As of December 31, 2019, 3 directors had joined DCP program, 2 directors had joined DAP program and 1 directors had joined both DCP and DAP program. IOD training course of each director was shown in "Directors, Management, Controlling Person, Company Secretary and Head of Internal Audit". Each year, the Company submits training courses arranged by various institutes to directors for their own consideration on attendance.

In 2019, the following 4 directors attended the training courses as shown below:

No.	Director	Training course
1.	Dr. Chotivid Chayavadhanangkur Independent Director / Chairman of the Audit Committee / Chairman of the Corporate Governance Committee / Nominating and Compensation Committee Member	- Sustainability in the Digital Age, EY Office Limited
2.	Mr. Watchai Vilailuck Authorized Director / Chief Executive Officer / Executive Chairman / Chairman of the Risk Management Committee	- Top Executive Program for Creative & Amazing Thai Service (Class 1), The Thai Chamber of Commerce University
3.	Mrs. Sukanya Vanichjakvong Authorized Director / Executive Director / Risk Management Committee Member / Corporate Governance Committee Member / Nominating and Compensation Committee Member / Chairman of the Sustainable Development Committee	- Chief Transformation Officer (CTO), The Market for Alternative Investment (MAI) - Leadership Program (class 28), Capital Market Academy (CMA)
4.	Mr. Charoenrath Vilailuck Director / Risk Management Committee Member	- Health Ambassador (Class 2), Chulabhorn Royal Academy, Chulabhorn Research Institute

#### Development of Management

The managerial competency program, courses have been designed for management level in order to develop in managerial competency to strengthen leadership and management skills for executives as well as prepare promotion qualification in the future for pre-executive or talent employees. Moreover, this program would elaborately lead executives to support organization's business growth and prepare the Company to become business leader in the industry existed. These courses provide innovated and practical knowledge to be applied to arrange managerial work such as Update Tax and Accounting, Development of accounting system in the Digital era, Financial Reporting Standards TFRS 9 and TFRS 16, Accounting Standards 12, Professional Development Program (TLCA CFO CPD), e-Payment Law, and Insight Financial Management, etc.

#### Business Ethics

As the Company conducts the business with great awareness in ethical issues, the Board of Directors has provided the written Thai-English Business Ethics for directors, management and employees of the Company and subsidiaries since 2005. It is set as the practical working guidelines with honesty, to be in standard, quality and integrity which including an attention of all stakeholders, related transaction, compliance with the laws, assets prevention and conflict of interest. The Company's directors, management and employees must perform and

comply with strictly. It is also posted on the Company's website for employees and public acknowledgement. The Company reviews Business Ethics annually. In addition to monitor the proceeding with the general practices as stipulated in the Business Ethics, the Company also provided the business ethics assessment. The senior management level were requested to perform self-assessment to evaluate on proceed with the business ethics. The result of the evaluation concluded that the Company and management completely complied with the Business Ethics and Code of Conduct. The latest issue of the Company's Business Ethics has been approved by the Board of Directors' Meeting No. 6/2019 on November 13, 2019 covered the following topics:

- **Conflict of Interest**

To prevent conflict of interest, the Company has drawn out guidelines for directors and employees in the Company's Business Ethics to follow:

1. Avoid all actions that may cause conflicts of interest with the Company.
2. In case that directors or employees commit any action related to the Company, the particular director and employee will be treated like an outsider, and will play no part in decision-making process.
3. Refuse to use Company's information obtained in their posts for an opportunity to derive personal benefits by creating rivalry with the Company or involving in related businesses.
4. Refuse to use Company's information for securities purchase for personal benefits or to leak Company's information to outsiders for their benefits. Any trading of the Company's securities within 1 month prior to disclosure of either the Company's financial performance or any other information that may affect securities' price is prohibited.
5. During and after their posts, refuse to reveal Company's classified information e.g. electronic information, financial situation, work's plans, business information, Company's plan or others.

On any conflict of interest transaction, before entering into the transaction, the Company specified that the Board of Directors, Managements, Employees and relevant parties must disclose the transactions with interest to the Audit Committee to consider the appropriateness of such transactions. The Audit Committee will carefully review prior to submit with opinion on such conflict or connection to the Board of Directors for further review and to ensure that the transaction has to be complied with the SET's regulations. Information and value of the transaction, party involved and necessity has been disclosed in the Company's Annual Report, Form 56-1 and the auditor's notes to the financial statements. Any consideration of the connected transaction, the directors who may have conflict of interest will neither participate nor vote in such meeting both in the Board of Directors' Meeting and the Shareholders' Meeting. Details of the transactions that might have conflict of interest in 2019 were shown in the topic "Connected Transactions".

- **Responsibilities to shareholder**

The Company is aware of its role to protect and due care for the interests of all major and minor shareholders. Therefore, the Company grants rights to all shareholders to propose an agenda and send a question in advance, attend, vote and have comments in the shareholders' meeting, to share in profits, regularly and timely obtained adequate information, business performance and management policy. Details of shareholders' rights were shown in the topic "1. Rights of Shareholders".

- **Employee policies**

The Company highly regards all of the employees as invaluable resources and indispensable factor that propel the Company to meet all objectives and future successes. Henceforth, the Company is responsible to provide just opportunity, reasonable remuneration, promotion, appointment, transfer and development of potential by:

1. Treat every employee with respect to his/her right, honor and privacy.
2. Maintain working atmosphere that is conducive to promote better safety for their lives and properties.

3. Promoting, transferring, awarding and punishing, of employees are conducted with sincerity and be based on each employee's knowledge, potential, and appropriateness.
4. Pay importance on developing skills and potential of employees by constantly organizing various activities, for instance: seminars, training, and handing out scholarships for employees.
5. Avoid all unfair actions that may cause instability of employee's position.
6. Propose reasonable remuneration packages according to market situations, business competitions, job descriptions, work qualities including assessment of company's performance on short term and long term based on company's capability to pay for that remuneration packages.
7. Provide the appropriate compensation such as medical fee, life insurance, annual checkup, reserve allowance fund, accommodation, subvention in case death of employees or employees' family, bus, fitness, and discount for the Company's products.
8. Provide opportunities for employees to express opinions and file complaints related to their jobs. Those suggestions and complaints will be seriously taken into consideration for formulating solutions. This important policy is meant to draw benefits to all parties and spawn camaraderie in the office.

- **Policies on the safety of life and health of employees**

1. The Company is committed to developing and creating safety and health of employees in accordance with the requirements of the law.
2. The Company will perform all necessary measures to ensure the safety of life and health of employees.
3. The Company seeks to control and prevent losses caused by fire, accidents and illness from working and maintain a safe working environment for employees as well as promoting and raising awareness of health care workers.
4. The Company will support adequate and appropriate resources in accordance with the requirements of the law and commit to develop human resources with knowledge and awareness of safety and health of employees.
5. The Company is aware that a safety and health of employees is very important, it was the duties and responsibilities of executive, supervisors at all levels and employee to comply with the rules and the requirements of the law.

Apart from the policy, the Company also took care and provided the concretely practices to all employees in term of employment opportunity, reasonable remuneration, promotion, and other suitable welfare that is higher than that regulated by laws as follows:

1. **Medical treatment, annual health checkup and life insurance**

There is always be the nurse(s) stationed in the infirmary everyday at the Company's office building and the doctor shall visit and treat sick employees twice a week. The Company also has the medical treatment welfare for the employees (in case of out-patient) who are treated at the government and private hospitals. The employees shall be entitled to the annual medical treatment fee pursuant to their level. In 2019, total amount of medical treatment fee reimbursed by the employees of the Company and its subsidiaries totalling Baht 339,847.23

It also provides an annual health checkup of which classified the plan for each employee depending on age, working year, working risk and position level. Moreover, the Company also has group health insurance for the Company's employees which are made with Allianz Ayudhya Assurance Plc. (Allianz AYUDHYA) as well as group life insurance which cover all kinds of death. Besides group life insurance, the Company also provides accident and disability insurance which are made with Allianz Ayudhya Assurance Plc. (Allianz AYUDHYA). It covers all kinds of accident, all over the world and with 24 hours. In case the employee get an accident and caused death or dismemberment, he/she will get compensation from those case as stipulated in the policy.

**2. Fund**

The Company set provident fund to secure the employee working life under the name of “the Registered Samart Group Provident Fund”. The Company also has the social security fund and provision of loan in case of the accident or sickness to the employees. Provident fund to the employees that provided by the Company is at the rate of 3-10% of salary related to year of services. Moreover, the Company provides compensation fund.

**3. Loan**

The Company provides benefits for housing loans, various purpose loan for member of provident fund, loan for medical treatment in case of accidents or illness etc.

**4. Employee development**

Development programs, both internal through e-learning and external training courses, are continually provided for all levels of employees. In addition, the Company has provided educational support by awarding scholarship to employees with aims to enhance their knowledge and skills. Please see more details about the employees on the section “Management Structure” under the topic “Human Resources Management and Development Policy”.

**5. Other benefits**

1. To appoint the safety officers and the relevant persons in all levels to take responsibility, supervise and monitor the strictly compliance with safety, occupational health and working environment policy.
2. To fortify the employees at all levels with knowledge, consciousness and joint responsibility, for instance, to arrange for the training and cultivate consciousness of safety, occupational health and working environment for the employees, as well as to arrange for the training on health by arranging the Healthy Week and the Safety Week and etc.
3. To conduct the annual evacuation drill in case of fire as well as to designate the assembly points of all offices.
4. To use the fingerprint scanning system so only the eligible persons can enter and exit the office building for safety of life and properties of the employees and the Company.
5. To arrange for the fitness center and to encourage for the sport competition, both inside and outside the Company to promote health of the employees.
6. To provide travelling expenses and allowance in case of working at upcountry or aboard, operating risk allowance in the 3 southernmost provinces. Welfare for employee who admits in the hospital.
7. Special grants when employees or member family of the employee is death
8. Uniforms
9. Mobile phone to executives and employees, special price of products that sell to employees.
10. Scholarships for employees based on the Company’s regulation
11. The Company trained and informed the prudent operating guidelines standards with regard to good manner and ethics of the employees via the orientation for new employees, Employee Manual and HR website at [www.samarthre.com](http://www.samarthre.com). Such ethics have been written in the Company’s regulations for employee’s adherence and disclosed on the Company’s website at [www.samartdigital.com](http://www.samartdigital.com).



Record on the 2017-2019 accident, absence and illness at work of the Company and its subsidiaries

Line of business year	Lost Time at work								
	Accident			Absence			Illness		
	2017	2018	2019	2017	2018	2019	2017	2018	2019
1. Digital Network	-none-	-none-	-none-	-none-	-none-	-none-	-none-	-none-	-none-
2. Digital Content	-none-	-none-	-none-	-none-	-none-	-none-	-none-	-none-	-none-
3. Support Business	-none-	-none-	-none-	-none-	-none-	-none-	-none-	-none-	-none-

- **Customer Policies**

The Company has policy to build up satisfaction and confidence on continued basis to the Company's valued customers and disclose such practices in the Company's Business Ethics. The Company provides modern and quality products and services for customers' satisfaction as well as providing product and equipment from factory where has been certified as international standard. The Company provides service centers to offer repair services with technicians to oversee the repair works, upgrade software and other services. In addition, the Company provides training course to our employees who work at service centers continuously in order to give more understanding of products and services and expertise to answer questions and solve problem of customers in a timely manner and Drop Points to service customers. Moreover, the call center responsible for receiving customers' complaints provides for our customers to the highest satisfaction in the Company's products and services.

- **Trade Partners Policies**

The Company has policy in equitably and fairly treatment its trade partners by taking into consideration of the Company's interest and on mutual benefits basis and disclose such practices in the Company's Business Ethics. The Company has clearly defined the policies to evaluate and select trade partners, develop and maintain good relationship between all partners with trust and confidence, keep in touch with customer to share each other opinion, refuse to accept any personal benefit offered by partners, and refuse to fabricate or falsify information that will cause misunderstandings to partners. The Company also avoids purchase products and/or services from partner who violates human rights or infringe intellectual property as well as follows up information whether the partner infringes human right or intellectual property or not. If found such behavior, the Company will avoid purchase products and/or services from the partner who has such illegal behavior.

Moreover, the Company has strictly complied with the trade partners treatment policy by selecting the qualified business partners to enter into the Approved Vendor List and prices have been compared before the purchase order has been made. The business partners have been evaluated by using the auditable standard criteria pursuant to the international standards of ISO 9001 and CMMI as the policy of Samart Group. The Company also has the policy not to corrupt, extort, embezzle or not tolerate such action. The business partner must not propose or take bribery or any illegal reward from the Company and the business partner must not give the reward or propose personal benefit in whatsoever form to the employee as a result of business undertaking. Such policy has been inspected by the management under the document and the supporting and it also has been audited by the independence auditor both from the inside and outside the organization.

- **Creditor Policies**

The Company conforms to its Principle of Business Operation in order to the respect and admission of the Creditors and strictly comply with contracts, terms and the covenanted condition as agreed with creditors strictly, transparently and equally. In case the Company could not comply with the covenanted condition or has financial risk or difficulties, the Company will foregone notify to creditor for solving problem. Provide sound financial mitigation plans that consider stakeholder rights including creditor rights including monitor

management's handling of financial risk or difficulties and regularly report to the Executive Committee. Provide any actions to improve the Company's financial position carefully and reasonably.

- **Counterpart/Competitor Policies**

The Company has policy to conduct all business affairs under rules and fair competitions to encourage trading without fraudulently and inappropriately seeking confidential information of its competitors, or damage competitors' reputations by abusive accusation. The Company will not intervene or has a secret transaction that give negative impact to competitors and give benefit to the Company. The Company also refuses to violate intellectual property rights of business' counterparts /competitors. The policy has been disclosed in the Company's Business Ethics. In addition, the Company sets the policy that all employees shall acknowledge and sign in the agreement of non-disclosure confidential information, non-violation of concealment of computer related and non-infringement of intellectual property.

- **Anti-Corruption Policies**

The Company operates business by adhering to good corporate governance principle. Anti-corruption policy has been specified as fraudulent act might occur from operation and transaction with the stakeholders, that directors, executives and employees of the Company, subsidiaries and affiliated companies shall strictly comply with. The Company disclosed the policy in the Company's Business Ethics manual and posted on website at [www.samartdigital.com](http://www.samartdigital.com) for all employees to adhere. Details of Anti-Corruption policy, Guidelines to perform of anti-corruption, penalty and the result of the implementation of such policies are shown in the section "Anti-Corruption".

- **Money Laundering Policy**

The Company recognizes the importance and compliances to the related rules and laws relating to money laundering. The Company will adhere to the law and regulation regarding the provisions of the Anti-Money Laundering Act B.E. 2542 and its amendment.

- **Tax Policies**

The Company's tax practices shall be fully and currently pursuant to the laws as follows:

1. Manage tax planning to comply with laws.
2. Remit tax within the timeframe as prescribed by laws.
3. Provide risk assessment that may impact on tax exposure.

- **Sustainable Development Policy**

The Company recognizes the importance of sustainable development that will lead to the business' sustainable growth and must develop in parallel with the recognition of social and environmental responsibility as well as corporate governance. Thus, the sustainable development policy is set of which its details are as follows:

1. To conduct business based on good governance principle as well as social and environmental responsibility including others relating to sustainable development by primarily taking into consideration benefits of all stakeholders.
2. To build up corporate culture that can cultivate the employees' operational consciousness, volunteer spirit and devotion of personal time and effort for benefits of the whole community.
3. To promote and educate the employees at all levels for social and environmental awareness as guidelines for social and environmental conservation and sustainable development throughout the organization.
4. To encourage the creation of social and environmental projects or activities including others relating to sustainable development.

Moreover, the Company provides Corporate Social Responsibility Report or Sustainable Development Report as a part of the Annual Report in preliminary. If the Company has more readiness, then such CSR report will consider to be separated from the Annual Report.

General practical guideline for responsibility to societies, communities and environment are as follows:

- **Responsibility to societies and communities**

The Company recognizes that it can survive and grow in a society that is vigorous and prosperous. Therefore, to bring about societal progress, the Company participated in societal improvements with financial support to all activities that aim to maintain beneficial cultures, customs and rituals. Moreover, the Company will involve in religious activities regularly. The Company also participated in many activities for development of society, education, vocation, athletic ability as well as sanction for outreach people and victims. In addition, the Company has strengthened the closed relationship with the surrounding and nearby communities by building up good relationship with the private and public organizations as well as the community leaders in many levels, so that the cooperation from all parties can be smoothly coordinated for sustainable and concremented development of the communities.

In 2019, Samart Group has continued our efforts to promote “People of Quality, Society of Morality” and implemented a variety of activities for public benefits. Details of the projects and activities were shown in “Corporate Social Responsibility”

- **Responsibility to environment**

The Company conducts business with recognition of environmental conservation and standard management of safety. It is also the Company’s policy to become a responsible corporate citizen to comply with all relevant laws and regulations and be responsible for utilizing natural resources in prudent manners. For motivation of the employees to continually conform to the Company’s policy, announcement via the Company’s PR boards, e-mail, internal radio, mobile media, newsletter and road show are provided. In addition, the Company educates employees on environmental awareness as details shown in the section “Corporate Social Responsibility” under “Environmental Conservation”.

- **Non-violation of human right policies and practices**

The Company sets non-violation of human right policies and practices in the Company’s Business Ethics and emphasize on human right principles as a common practices. All employees are strictly prohibited to act or to support any act relating to human rights violations. The Company has policies that employee’s personal information, i.e. medical treatment record, working experience, is confidential and shall not be sent or disseminated to unauthorized parties. Disclosure or transfer of personal information is only upon the owner’s consent. Furthermore, the Company treats all employees equitable without any discrimination against race, nationality, language, religion, gender, age and education. The Company has provided opportunity for the employee to show their potential by set appropriate remuneration for their individual capability. The employees has been provided opportunity for more education in university level and both short-term/long-term training courses. Deliberation on work performance shall be made fairly and appropriate as well as avoid comments or any other matters that may lead to conflict.

In addition, the Company communicates such policies to employees through HR website at [www.samarthre.com](http://www.samarthre.com). In case any employee deemed to be treated unfair in any matter, the Company allows employees to submit suggestion, complaint about the abuses and other related matters. The Company will resolve such problems for benefits to all parties and create good working relationships in working together.

- **Operating policy and practice on non-infringement of intellectual property or copyright**

The Company has an operating policy on non-infringement of intellectual property or copyright. The method employed by the Company regarding this matter is that all employees are required to sign their names in memorandum of understanding to not commit any computer crime and to not infringe any intellectual property. The Company has specified the policy on usage of information technology system of Samart Group and software program of the employee shall be inspected to prevent any usage of piracy software and software which is unrelated to work.

- **Suggestions and complaints**

The Board of Directors respects the importance of all stakeholders in participation of the Company's success and discloses related important information to stakeholders sufficiently and transparently. The Company provides channels for all stakeholders to send suggestions and complaints that is beneficial to the Company. Those channels consist of direct mail or E-mail as informed at the Company's website ([www.samartdigital.com](http://www.samartdigital.com)) under "Contact Us" with the following details:

Mailing Address: Internal Audit Department  
Samart Corporation Public Company Limited  
99/2 Moo 4, Software Park, 34<sup>th</sup> Fl., Chaengwattana Rd.,  
Klong Gluar, Pak-kred, Nontaburi 11120.  
or E-mail address: [InternalAudit@samartdigital.com](mailto:InternalAudit@samartdigital.com)

The Internal Audit Department will collect the suggestion and complain, then, inspect and analyze the information according to the procedures and methods on "Notifying the information on misconduct and the protection of the informant"

- **Procedures and methods on "Notifying the information on misconduct and the protection of the informant"**

The Company adheres to good corporate governance principles and encourages its stakeholders to examine and oversee any action which is against the corporate governance principles, ethics, rules and regulations of the Company, laws, corruption or any action which might cause damages to the Company including rights violation. If such action is found, the stakeholders can notify the clue on misconduct behavior to the Company by sending information and/or document and/or concerned evidence (as the Company's form to notify the information on misconduct) to Internal Audit Department. If the name and surname of the informant is specified, it will be more beneficial to the Company for convenience on enquiry and/or contact for more information.

#### **The process of information inspection and analysis**

The Internal Audit Department is responsible for preliminary investigation of offenses, both from documentary witness and witness. If misconduct is happened, they will propose the matter to the Chief Executive Officer (CEO) for consideration and setting up an investigation committee.

The investigation committee consists of supervisor or representative from Internal Audit Department, Legal Department, Human Resources Department, and the original affiliation, responsible for investigating the facts, including collecting all evidences in order to know details of the damage and impact to the Company.

The investigation committee will propose the results of the investigation to the Chief Executive Officer (CEO) to consider and proceed and then the Internal Audit Department will propose the matter to the Audit Committee for acknowledgement, respectively.

The Company shall protect the informant or whistle-blower by not disclosing the name of the informant or whistle-blower to any person.

The Company has publicized Vision, Mission, Corporate Governance Policy and Business Ethics on the Company's website at [www.samartdigital.com](http://www.samartdigital.com). Corporate Governance Policy and Business Ethics have been communicated to management and employees via e-mail in the form of weekly corporate governance tips and poster on public relations board of the Company. Moreover, the Company also assigns the Corporate.

## 2. Committees

### Composition

The Company's management structure comprised of 6 Committees; Audit Committee, Executive Committee, Corporate Governance Committee, Nominating and Compensation Committee, Risk Management Committee and Sustainable Development Committee. Details of directors, qualification, term of positions and roles and responsibilities are as follows:

#### 1) Audit Committee as of December 31, 2019:

- |                                   |                                 |
|-----------------------------------|---------------------------------|
| 1. Dr. Chotivid Chayavadhanangkur | Chairman (Independent Director) |
| 2. Mr. Piyapan Champasut          | Member (Independent Director)   |
| 3. Mr. Kunthit Arunyananda        | Member (Independent Director)   |
| Mr. Wichai Rongkawilit            | Secretary                       |

### Qualifications of the Audit Committee

- The Audit Committee members shall be appointed by the Board of Directors' and/or Shareholders' Meetings.
- All members of the Audit Committee should be Independent Directors with the qualifications as specified in the announcement of the Securities and Exchange Commission Capital Market Supervisory Board and the Stock Exchange of Thailand (the SET).
- Not being a director assigned by the Board of Directors to take part in the business decision of the Company, parent company, subsidiary, affiliate, same-level subsidiary, major shareholder or controlling person of the Company.
- Not being a director of parent company, subsidiary, and same-level subsidiary that is a listed company.
- Having sufficient knowledge, experience, and time to perform duties as the Audit Committee members.
- At least 1 member of the Audit Committee shall have sufficient knowledge and experience in accounting and finance to review the reliability of financial statements. The Company should specify name of the Audit Committee member who has that qualification in Form 56-1 and Form 56-2, and define his/her qualification in the certification of the Audit Committee profile sent to the SET.

### Terms of positions

Term of the Audit Committee member is 3 years. All members shall be in post no longer than 3 consecutive terms except getting an unanimous votes from the Nominating and Compensation Committee and the Committee ensures that the extra term will not cause or impact to the independent of such director, and shall be approved from the Board of Directors' and/or the shareholders' meetings.

### Roles and Responsibilities of the Audit Committee

- Review the Company's financial report to ensure its accuracy with adequate, reliable and timely disclosure.
- Review the Company's internal control, and internal audit systems to ensure that they are suitable and efficient, and consider the independence of internal audit unit, as well as to propose the appointment, transfer and dismissal of the head of internal audit or any other unit in charge of internal audit.

3. Consider and approve the manpower and necessary resources for working process of the internal audit unit, approve the annual audit plan including significant changes in the audit plan.
4. Review the Company's compliance with the Securities and Exchange Act, the regulations of the SET and the laws relating to the Company's business.
5. Propose for consideration and approval of the Board of Directors' and shareholders' meeting on the selection, appointment, termination of the external auditors including propose their remuneration for further consideration.
6. Arrange the Audit Committee's meeting with auditors without management of the Company at least once a year.
7. Review the connected transactions or the transactions that may lead to conflicts of interests to comply with the Securities and Exchange Act, and the regulations of the SET and the SEC, including the related laws which are effectively with the Company and/or the Company's business to ensure that the transactions are reasonable with the highest benefit of the Company.
8. Prepare report of the Audit Committee to disclose in the annual report with at least information defined in the regulations of the SET.
9. Review the scope of authorities, roles and responsibilities of the Audit Committee in accordance with the situation.
10. Audit and investigate concerned persons in order to gain the clearly information within the scope of authority.
11. Engage the specialist for competent advice and assistance auditing as considered by the Audit Committee with Company's expenses.
12. Perform any other activities as assigned by the Board of Directors.

**2) Executive Committee** as of December 31, 2019:

1. Mr. Watchai Vilailuck	Chairman / Chief Executive Officer
2. Mrs. Sukanya Vanichjakvong	Member
3. Mr. Suchat Satprasert	Member
4. Mrs. Sumonthip Srimek	Member
5. Mr. Hiran Phanbanlaem	Member
Miss Boonrut Mongkolratanakorn	Secretary

**Terms of positions**

Term of each member is 1 year. The Nominating and Compensation Committee will annually consider and select appropriate persons from the members of the Board of Directors and management for further consideration and appointment from the Board of Directors in the first board meeting after the Annual General Meeting of Shareholders. However, the retired members are eligible to be re-elected for another term. CEO of the Company will be the Chairman of the Executive Committee.

**Roles and Responsibilities of the Executive Committee**

1. Set and review Company's vision, mission, strategies and business plan as well as the Company's management structure and delegation of authorities for further approval from the Board of Directors.
2. Review and monitor the operating performance of the Company and subsidiaries to achieve the goal.
3. Audit, monitor and implement the Company's policies and management practices to conform to the assignment from the Board of Directors efficiently.
4. Consider and approve annual budget and investment of the Company for further approval from the Board of Directors.
5. Determine policy, structure, criteria for remuneration of employees and management together with the Chief Executive Officer and propose to the Nominating and Compensation Committee for consideration prior to further approval from the Board of Directors.
6. Consider entering into any transactions binding the Company as delegation of authorities defined in the Company's policy and practice.

7. Report the significant performance of the Executive Committee to the Board of Directors on a regular basis.
8. Review the roles and responsibilities of the Executive Committee in accordance with the situation.
9. Perform any other activities as assigned by the Board of Directors.

Roles and Responsibilities of Chief Executive Officer were shown in the topic “5.2 The Independent of the Board of Directors”

The delegation of authorities, duties and responsibilities to the Executive Committee shall not be delegated or further assigned that authorize the Executive Committee or its attorney to approve any transactions that the Executive Committee or connected persons or any persons who may have conflict of interest have done with the Company or its subsidiaries unless such transactions are complied with the Company’s policy or principle that is approved by the Board of Directors. Such connected transactions shall be proposed to the Board of Directors’ and/or Shareholders’ Meetings for approval to comply with the notification of the Stock Exchange of Thailand, the Securities and Exchange Commission (SEC) or related law.

**3) Corporate Governance Committee as of December 31, 2019:**

- |                                   |                                 |
|-----------------------------------|---------------------------------|
| 1. Dr. Chotivid Chayavadhanangkur | Chairman (Independent Director) |
| 2. Mr. Kunthit Arunyananda        | Member (Independent Director)   |
| 3. Mrs. Sukanya Vanichjakvong     | Member                          |
| Miss Boonrut Mongkolratanakorn    | Secretary                       |

**Terms of positions**

Term of each member is 1 year. The Nominating and Compensation Committee will annually consider and select appropriate persons from the members of the Board of Directors and/or any qualified candidates for further consideration and appointment from the Board of Directors in the first board meeting after the Annual General Meeting of Shareholders. The Chairman of the Committee has to be nominated from the Company’s Independent Director. However, the retired members are eligible to be re-elected for another term.

**Roles and Responsibilities of the Corporate Governance Committee**

1. Responsible for governing and monitoring business operation and performance of committees, management and employees of the Company to comply with the principles of good corporate governance, Company’s policies and related laws.
2. Establish corporate governance policy including social responsibility and anti-corruption.
3. Establish and review the Company’s significant procedures and practices to comply with the good corporate governance policy.
4. Regularly review the Company’s policies, principles and practices.
5. Provide suggestions relevant to business ethics and best practices to the Company’s directors, management and employees.
6. Ensure that the good corporate governance policy are performed in practice continuously and appropriately.
7. Review the roles and responsibilities of the Corporate Governance Committee in accordance with the situation.
8. Report to the Board of Directors regarding the Company’s good corporate governance with comments and recommendations for appropriate improvements.
9. Perform any other activities as assigned by the Board of Directors.

**4) Nominating and Compensation Committee as of December 31, 2019:**

- |                                   |                                 |
|-----------------------------------|---------------------------------|
| 1. Mr. Kunthit Arunyananda        | Chairman (Independent Director) |
| 2. Dr. Chotivid Chayavadhanangkur | Member (Independent Director)   |
| 3. Mrs. Sukanya Vanichjakvong     | Member                          |
| Miss Boonrut Mongkolratanakorn    | Secretary                       |



**Terms of positions**

One-third of the Nominating and Compensation Committee, who have been longest in office, shall retire by rotation every year. The retired directors are eligible to be re-elected for another term by obtaining majority vote from the Board of Directors. In case of vacancy, the Nominating and Compensation Committee will consider an appropriate person from the members of the Board of Directors and/or any qualified candidates for further appointment from the Board of Directors.

**Roles and Responsibilities of the Nominating and Compensation Committee**

1. Recruit, select, and nominate appropriate candidates for independent directors, Chairman of the Board of Directors and directors, proposed for consideration and approval of Board of Directors' and/or the shareholders' meetings when those positions are vacant due to termination of terms or other reasons.
2. Recruit, select, and nominate appropriate candidates for position members of each committee, CEO, top management and company secretary proposed for consideration of Board of Directors when such position is vacant as well as propose criteria for selecting candidates for the succession plan.
3. Determine and review qualification, criteria and procedures for nomination of directors, committees, Chief Executive Officer, top management and Company Secretary to propose for approval from the Board of Directors' meeting.
4. Determine policy, structure and criteria for remuneration, whether in cash, securities or otherwise, of directors, committees, Chief Executive Officer, top management and employees in accordance with the Company's strategy, goal and operating results as well as market conditions to propose for further approval from the Board of Directors.
5. Review the roles and responsibilities of the Nominating and Compensation Committee in accordance with the situation.
6. Perform any other activities as assigned by the Board of Directors.

**5) Risk Management Committee as of December 31, 2019:**

- |                               |           |
|-------------------------------|-----------|
| 1. Mr. Watchai Vilailuck      | Chairman  |
| 2. Mr. Charoenrath Vilailuck  | Member    |
| 3. Mrs. Sukanya Vanichjakvong | Member    |
| Mr. Wichai Rongkawilit        | Secretary |

**Terms of positions**

Term of each member is 1 year. The Nominating and Compensation Committee will annually consider and select appropriate persons from the members of the Board of Directors for further consideration and appointment from the Board of Directors in the first board meeting after Annual General Meeting of Shareholders. However, the retired members are eligible to be re-elected for another term.

**Roles and Responsibilities of the Risk Management Committee**

1. Set clear business directions, identify, analyze and investigate significant risk factors as well as determine strategy for managing those risks to the Company's acceptable risk level.
2. Set the risk management policy and propose for approval from the Board of Directors to use as guideline for each division according to its responsibility with the following 4 aspects:
  - 1) Financial Risk
  - 2) Operational Risk
  - 3) Strategic Risk
  - 4) Compliance Risk
3. Supervise to ensure effective communication of such measures thoroughly the Company and employees continuously comply with those measures.
4. Review the roles and responsibilities of the Risk Management Committee in accordance with the situation.
5. Provide efficiently assessment and review of possible damage that may occur to ensure that risk exploration covers all processes of business operations.

6. Support and develop risk management to cover throughout the organization and ensure that it is complied with the international standard.
7. Provide professional opinions from external consultants as necessary with company's expense.
8. Perform any other activities as assigned by the Board of Directors.

In addition, the Company has set the Risk management working team of which members consisted of the Company's directors and management to take responsibilities as follows:

1. Classify the significant risk and provide the effectively and efficiently method to control all company's risks to the appropriate level.
2. Monitor and follow up all practices to comply with the risk management policy and general guideline as approved by the Board of Directors.
3. Regularly report to the Board of Directors regarding the Company's risk management, general practices, action plan, status of risk and any changes including corrective and preventive measures to comply with the specified policy and strategy.

**6) Sustainable Development Committee** as of December 31, 2019:

- |                                   |                      |
|-----------------------------------|----------------------|
| 1. Mrs. Sukanya Vanichjakvong     | Chairman             |
| 2. Mr. Suchat Satprasert          | Member               |
| 3. Mrs. Sumonthip Srimek          | Member               |
| 4. Mr. Hiran Phanbanlaem          | Member               |
| 5. Miss Boonrut Mongkolratanakorn | Member and Secretary |

**Terms of positions**

Term of each member is 1 year. The Nominating and Compensation Committee will annually consider and select appropriate persons from the members of the Board of Directors and management and/or any qualified candidates for further consideration and appointment from the Board of Directors in the first board meeting after the Annual General Meeting of Shareholders. However, the retired members are eligible to be re-elected for another term.

**Roles and Responsibilities of the Sustainable Development Committee**

1. Set policy, strategy and action plan for sustainable development to comply with the Company's business operation in term of economy, society and environment for further approval from the Board of Directors.
2. Encourage and support the Company's activities to achieve the SD policy such as labor and employee management, Employee welfare, employee development, training and promotion, and development of communities and society around the Company's area.
3. Monitor, review, follow up the operational progress and evaluate the effectiveness of SD policy implementation.
4. Review the roles and responsibilities of the Sustainable Development Committee in accordance with the situation.
5. Perform any other activities as assigned by the Board of Directors.

All Committees carry out their duties and convene the meeting with written minutes regularly. The significant issues of the previous year including number of meeting of each sub-committee were shown in "Meeting of the Board of Directors and Committees".

### 3. Nomination of Directors and Management

**Nomination of Directors**

The Nominating and Compensation Committee has been appointed by the Board of Directors in order to select, and nominate appropriate candidates for positions of Chairman of the Boards, members of the Boards and other committees, CEO, other executives and company secretary as well as consider the appropriate remuneration for such directors and management with the following criteria and procedures:

1. The Nominating and Compensation Committee will select and nominate the appropriate candidate with regard to qualifications, experience, knowledge, ability that will be beneficial to the Company and consider the diversification in the board's structure, including gender, age, ethnicity and nationality. The Nominating and Compensation Committee will also consider the necessary skills that are still lacking to achieve the Company's business strategy and using the database of IOD. The appropriate candidates, who have qualifications as specified by the relevant laws, will propose to the Board of Directors' or the Shareholders' Meeting for approval in accordance with the Company's Articles and Association.
2. For election of independent directors, the Nominating and Compensation Committee will nominate any person who is fully complied with the qualifications of Independent Directors under the Company's policy and requirements of the SEC and the SET to propose to the Board of Directors' and/or the Shareholders' Meeting for approval in case of rotation or others.
3. Determining whether to recommend a director for re-election, the Nomination and Compensation Committee will consider relevant factors such as past performance, directors' dedication, history of attendance and participation in meeting, number of listed companies that each director holds tenure in of not exceeding five listed companies, and other contributions to the activities undertaken by the Board of Directors. In the case of independent directors, their respective independent qualifications shall also be considered.
4. The appointment of the Board members shall comply with the Company's Articles of Association and all relevant laws. Selection of the directors shall be transparent and clear through initially consider of the Nomination and Corporate Governance Committee with the following criteria and procedures in the shareholders' meeting:
  - (1) Each shareholder shall have one vote on each share.
  - (2) In voting, a shareholder shall vote in accordance with the number of votes each shareholder has under (1) for one or several directors. The said shareholder may not allot any number of his votes to any person.
  - (3) The person obtaining the highest and higher votes respectively shall be elected as directors equal to the number of directors required or ought to be elected at such a meeting. In the event that persons receiving votes in respective orders receive equal votes and the number of directors exceeds the positions required or ought to be, the chairman of the meeting shall have a casting vote.

The Company proposed shareholders to elect the directors on an individual basis to allow shareholders to elect the desirable directors.

In case a directorship becomes vacant by any reason other than the expiration of the term, the Board of Directors shall elect a person possessing the qualifications and being under no prohibitions under the relevant laws as a replacing director at the Board of Directors' Meeting, unless the remaining term of such director is less than two months. The replacing director shall hold office only for the remaining term of the replaced director. The resolution of the Board of Directors' Meeting must be passed by votes of not less than three-fourths of the remaining directors.

5. For nomination of committee, the Nominating and Compensation Committee will consider appropriate knowledge and ability, composition of the entire committees, criteria of directorship and independence of director prior to propose to the Board of Directors for approval.

#### **Nomination of Top Management**

The Company has criteria and procedures for nomination of top management with the process start from recruiting internal and external persons who have leadership skills, ability to manage the organization and good understanding of company's products and services. The Nominating and Compensation Committee will select and nominate appropriate candidates to be top management and propose to the Board of Directors for approval.

#### **Executive Succession Plan**

The Company is aware of the importance of executive succession plan in case any executive position is vacant. In addition to the appointment of the Nominating and Compensation Committee to select and nominate appropriate

candidates for directors and top executive, the Company also provides Executive Succession Plan to create confidence for investors, shareholders and employees on the continuity operation of the Company. The potential candidate will be selected, trained and developed to ready for accommodate the vacant position in the future. The Company will review the succession plan for top management on an annual basis.

In addition, the Company should encourage the Chief Executive Officer to invite key management to attend the Board of Directors' meetings and/or the Executive Committee's meetings to present details on the agenda items related to matters that they are directly responsible for, and to allow the board to gain familiarity with key management and assist succession planning.

#### 4. Supervision on Operation of the Subsidiary and the Associated Company

Before establishment of any new company, the responsible managing department shall propose such matter to the Board of Directors' Meeting for consideration and approval before the registration of the new company. The Board of Directors shall consider appointing the executives who hold the positions of directors and management of such subsidiary and the associated company and defining the scope of authority and responsibility of the directors and the management who shall be the Company's representatives in such company. The management of the subsidiary and the associated company shall report business performance of the company they are responsible to the Executive Committee every month. Any investments or substantial operations as per specified in the delegation of authorities must be performed pursuant to the policies specified and they must be presented to the Executive Committee's Meeting as well. The management of the subsidiary and the associated company must present the annual business plan to the Executive Committee's and the Board of Directors' Meeting for consideration and approval every year. If performance of any company has not achieved the targeted plan, the management must clarify to the Executive Committee's Meeting. In case business operation encountered many problems, the management is required to clarify to the Executive Committee's Meeting as the watch list so that precaution and corrective measures can be closely monitored and resolved.

The subsidiary and the associated company must have an internal control system or measure that the Company's Internal Audit Department can audit and report to the Audit Committee and the Executive Committee. If internal control system of any company is becoming defective that may likely cause risks and damage to the Company, the Executive Committee shall order such company to improve and rectify defects in such internal control system immediately. In case of any transaction required to comply with the regulations of the Company or the relevant laws and needed to get an approval from the Shareholders' Meeting of such subsidiary, such transaction shall be proposed to the Executive Committee's Meeting for consideration and approval on voting guideline during the Shareholders' Meeting of such subsidiary.

For establishment of a new company or investing in significant portion in other businesses between 20% and 50% of shares with voting rights, and the amount of investment or may have to more invest significantly, the Board of Directors should ensure that shareholder agreements or other agreements are in place to enable the Company's performance monitoring and participation in management, including for approval of significant transactions and decisions. This is to ensure that the Company has sufficient, accurate, and timely information for the preparation of its financial statements that conform to the relevant standards.

In the event where the subsidiary performs any transaction about acquisition or disposal of assets, the Company shall treat the same way as criteria on acquisition and disposal of assets of its own which must be pursuant to criteria on undertaking the significant transaction on asset acquisition or disposal as per specified by the Capital Market Supervisory Board. In case the subsidiary has performed any transaction with its related persons, the Company shall not involve in such matter, except the subsidiary has performed any transaction with the related person of the Company, then the Company shall comply with the criteria on related transaction announced by the Capital Market Supervisory Board.

## 5. Inside Information Control

The Company will inspect to ensure no inside information of which is material, undisclosed and confidential leak to public or be used from unauthorized for personal benefit. IT system has been implemented for a secure access for all users inside and outside the firewall in conjunction with the Company's own user authentication and security system. In addition, the Company sets as policy that all employees shall acknowledge and sign in the agreement of non-disclosure confidential information, non-violation of concealment of computer related and non-infringement of intellectual property. New employees shall sign this agreement together with employment contract. It was also set forth in the Company's Business Ethics to refuse the directors, management and employees of the Company to use Company's inside information for personal benefits. Any trading of the Company's securities within one month prior to disclosure of either Company's financial performance or any other information that may affect securities' price is prohibited. To ensure that the policy is acknowledge and complied, the Company will notify the year plan schedule of such periods in advance to all directors and executives. Every quarter, the Company has also delivered such notice to directors and executives to acknowledge. In 2019, there is no case of insider trading from the Company's directors and executives. The press releases for the corporate governance are published on a weekly basis to all employees via email, tips and poster in the Company's promotion board. The Directors and management had been informed on their duties and punishment to disclose report to the SEC on each person holding securities and derivatives as well as the holding and changes to the holding of their spouse, cohabiting couple and minor children within 3 days from the transaction date according to section 59 of the Securities and Exchange Act B.E. 2535. The report shall include the holding of securities and derivatives by a juristic person whose shares exceeding thirty percent of the total voting rights held by the aforementioned persons, including the spouse or cohabiting couple, and minor children of such persons. Any change in securities and derivatives holdings, such directors and managements have to report the Company Secretary for coordination and preparing report submit to the SEC. In addition, the Company has set as a policy to report on securities and derivatives holdings of directors and management in every meeting of the Board of Directors. In case that any director or management violate the regulations, the warning notice will be made to that director or management to avoid re-misconduct.

In case of conflict of interest, it is the Company's Policy to have the directors, management, employees and related parties to disclose such interests to the Audit Committee for consideration to be complied with the SET's regulations and any governing laws and regulations prior to further submit for consideration of either the Board of Directors' or the Shareholders' Meetings. The directors who have conflict of interest will not participate in any agenda that they have conflict of interest. Moreover, any conflict of interest transactions has been considered to disclose in "Connected Transaction".

General practices for conflict of interest protection have been set not only in the Company's Business Ethics but also in "5. Roles and Responsibilities of the Board of Directors" under the topic "Conflict of Interest". Such practices have been delivered to all directors, management and employees. The Corporate Governance Committee will monitor and ensure that Company's regulations, Corporate Governance Policy and Business Ethics have been strictly and continually complied.

Moreover, the Corporate Governance Committee has been established to ensure that good corporate governance is being conducted continuity at all levels in accordance to legal requirement and the Company's Articles of Association.

## 6. The implementation of Corporate Governance Code for Listed Companies 2017

The Board of Directors has reviewed the implementation of the Corporate Governance Code (CG Code) of the SEC annually, at least 1 time per year, by means that are suitable for the Company's business. Moreover, the Company has complied with the assessment criteria for survey on listed company corporate governance of IOD and survey on quality in convening the shareholders' meeting of the Thai Investors Association. The Corporate Governance Committee's meeting considered and reviewed the implementation of the CG Code and was of the opinion that the Company has already applied the most of the CG Code practices and has proposed these issues to the Board of Directors' meeting for

consideration. The Board of Directors' meeting No.6/2019, which held on November 13, 2019, considered and reviewed the implementation of the CG Code, and approved to amend the Corporate Governance Policy, business ethics and charters of the Board of Directors and committees in order to cover CG Code practices. However, the practices that are not suitable for the Company's business operations, the Board of Directors has assigned the Corporate Governance Committee to consider and propose appropriate replacement measures.

## 7. The Compliance with the Principles of Good Corporate Governance in Other Areas

The Company conducts the business in comply with the Principles of Good Corporate Governance of the SEC. and best practices in the international standard as well as ASEAN CG Scorecard criteria. Moreover, the Company has complied with the assessment criteria for survey on listed company corporate governance of IOD and survey on quality in convening the shareholders' meeting of the Thai Investors Association. For some areas that the Company has not yet followed such regulations, the Company applies principles or other practices to suitable for the Company's business as the following areas:

### Equity Treatment of Shareholders

1. The Company has not yet allowed the minority shareholders to nominate candidates for directorship. However, the Board of Directors has appointed the Nomination Committee and Compensation Committee to recruit and nominate the qualified candidate to be director by taking into consideration from IOD's Director Pool. The Nomination Committee and Compensation Committee also considers qualification as the relevant laws and regulations, experience, knowledge and ability that is advantage and needed to the Company of the candidate to propose to the Board of Directors' and/or the Shareholder's Meeting for further approval.
2. The Company has not yet determined to perform the election of directors by cumulative voting. However, the Company entitled the shareholders to vote for the election of directors individually. Each shareholder shall have one vote for each share as stipulated by the Company's Articles of Associations so that the shareholders shall truly elect their desired director.
3. The Company has not yet established the policy regarding directors and top executives to declare their trading transaction of the Company's shares at least 1 day prior to the trading date to the Board of Directors or the assigned person. However, the Company has a policy that director and top executives shall report the change of their ownership of the Company's securities and derivatives in every board meeting.

### Roles and Responsibilities of the Board of Directors

1. The Company has no policy for executive directors to serve as directors of not exceeding 2 listed companies in the other business group. However, the Company has set the policy for all directors not to hold director position of not exceeding 5 companies. In addition, top executives of the Company will also be obtained approval from the Executive Committee prior to hold director position in any companies of which are not have either similar business or being the Company's competitors. The Nomination Committee and Compensation Committee are responsible to consider and nominate the candidate by taking into consideration of knowledge, capability and adequate time to perform his duty.
2. There is no independent woman director in the Board of Directors. However, one of the Company's executive director is woman named Mrs. Sukanya Vanichjakvong, she has qualification, knowledge and capability to manage the Company's operation and hold the position of Director. This shows that no gender discrimination at all.
3. As of December 31, 2019, the portion of independent directors in the Board of Directors are equivalent to 42.86% of total directors less than 50% as stipulated by the Principles of Good Corporate Governance.
4. The Company has not yet participated in Thailand's Private Sector Collective Action Coalition against Corruption (CAC). However, the Company has joined the Partnership against Corruption for Thailand (PACT) to attend the training course and gather recommendation on anti-corruption procedures. The Company regularly monitors and informs seminars from the network and is in the process of reviewing the Anti-Corruption Policy, general practical and operational guidelines to prepare for further joining with the CAC.



# Internal Control and Risk Management

## Internal Control

The Company puts emphasis on adequacy, appropriateness and coverage of its internal control system for all activities of its business operations in order to increase efficiency and effectiveness. Such internal control system has been continually developed by applying the principles and guidelines of The Committee of Sponsoring Organization of the Treadway Commission (COSO) and the Enterprise Risk Management (ERM) to ensure that all of its operation procedures can have proper internal control and risk management systems which comprised of 8 components as follows:

### 1. Control Environment

The Company intends to operate businesses by clearly adhering to Good Corporate Governance Principles, integrity and ethics. Responsibility as well as approval authority have been clearly segregated and they have been revised to make them constantly conform to the changes of the businesses. Key performance indicators (KPIs) have been used to follow up and compare the works performed with the targets set.

### 2. Objective Setting

The Company established strategic objectives and targets in the annual operation plan so that the works performed can be achieved as per the set targets. It also has a policy to encourage all divisions/units within the Company to prepare the operation manual and improve it to make it always up-to-date. The Internal Audit Unit shall strictly audit the compliance with the Company's regulations.

### 3. Event Identification

The Company specified risks which may likely to impact the achievement of the Company's objectives and targets, both risks from external factors and internal factors and sorted out priority of risks from high to low. In addition, methods and plans for management of such risks have been specified and reported to the meeting of the Risk Management Committee.

### 4. Risk Assessment

The Risk Management Committee will supervise and prescribe risk management measures as well as assess risks which may impact business operations and targets of the Company. Such risks have been followed up, measured and reported to the executives for their acknowledgement every quarter in order to find preventive measures on time.

### 5. Risk Response

The Company has proper internal control measures which are appropriated with the risks of the changing business. Risks in each operating procedures have been adjusted. The Company's internal control measures included the segregation of responsibilities and approval authority for purpose of check and balance. The Internal Audit Unit shall review the adequacy and appropriateness of the internal control system.

### 6. Control Activities

The Company specified that internal control should be applied to all levels and operation manual must be prepared so that lines of business, divisions and departments can strictly follow. The Company also has a written information technology security policy, for instance, access to computer center must be controlled and data including work systems in the computers must be backed up so that they can be available for usage in case of emergency.

### 7. Information and Communication

The Company's information technology system can link data throughout the organization and it will be developed continually to assure that the system is proper and enough for data transmission and receiving. Data Center has been established as the Group of Company's operation center and its application has been controlled by the international standards. The Group of Company also has accredited certification to ISO 27001 (Information Security Management System) standards.



## 8. Monitoring

The Internal Audit Unit has responsibilities to audit the operations pursuant to the specified internal control system and directly report such results to the Audit Committee, who shall hold the meeting every quarter. In case material defects have been found, the Company's management team will be immediately notified for consideration on corrective and preventive measures in the future.

The Company arranged the management meeting every month to monitor performance and compare them with the specified targets as well as jointly find the corrective measures in case the target has not been achieved as per specified

## Opinions of the Board of Directors regarding the Company's Internal Control System

Based on the above assessment, the Board of Directors' Meeting No. 1/2020 on February 25, 2020, in which all 3 Audit Committee members attended, has evaluated the Company's internal control system by using the Securities and Exchange Commission evaluation questionnaire and concluded that the Company had a sufficient internal control system. The Company provided sufficient manpower to ensure that the operation would proceed efficiently. Internal control system could be strengthened in monitoring not only the operation of the Company but also the operation of the subsidiaries in safe guarding of assets from wrong usage or used by unauthorized persons. Business transaction with related persons and the persons who had conflict of interest with the Company were prohibited. The Board of Directors also concluded that internal control system for other topics was done sufficiently.

Furthermore, the Company's auditors, Ms. Sarinda Hirunprasurtwutti, an auditor license no. 4799, audited the financial statements of the Company and subsidiaries for the year ended December 31, 2019 without any comment on the Company's internal control system as significant error.

## Internal Audit

The Internal Audit Office performs its duties independently and objectively and reports functionally and directly to the Audit Committee. The Internal Audit Charter and Manual are regularly updated as its primary source of reference. This ensures that the Internal Audit Office conforms to the International Standard for the Professional Practices of Internal Auditing (Standard) and delivers a high standard of service with due professional care to support the Company's good corporate governance policy and practice, adding value to both the Company's stakeholders and the Company's sustainable development.

The Internal Audit Office evaluates and improves the effectiveness of internal control, risk management and governance processes according to annual audit plan. The Internal Audit Office creates an annual audit plan, approved by the Audit Committee, after consideration of overall objectives, strategies, mission, and the Risk Based Audit Approach, including key control points and management opinions. The Internal Audit Office also consults and advises on the preparation of internal control measures and risk management, etc. to ensure that Company performance follows its strategies and achieves its goal and objectives. Furthermore, the Internal Audit Office regularly performs monitoring activities to ensure the planned system can be performed continually and it has been revised and updated regularly. The Company also supports the sufficiency of manpower to fit for work load.

In assessing the effectiveness of Risk Management, the Internal Audit Office reviews event identification and risk factors which affect the Company's objectives, and then reviews the Risk Management approach. This ensures the accuracy of both event identification and risk assessment, and ensures that a systematic Risk Management approach exists. It also ensures that risk is managed at the appetite level, is reported timely to all relevant personnel, and is reviewed continuously.

In assessing external and internal fraud risks management, the internal audit Office performs fraud risk assessment and events identification and then evaluates the possibility of external and internal fraud. The Internal Audit Office also considered the most effective measures to prevent and control risk to ensure that the Company achieves its objectives.

The Head of Internal Audit acts as the secretary to the Audit Committee to enhance the effective achievement of its responsibilities and ensure accountability as assigned by the Board of Directors and also provide recommendations and suggestions in various aspects which are beneficial to the organization. Moreover, the Audit Committee also emphasized quality and development of internal audit task and also encouraged the internal audit personnel to develop themselves on continued and regular basis.

## Head of Internal Audit and Compliance Unit

### Head of Internal Audit

The Audit Committee proposed the Board of Directors to appoint Mr. Wichai Rongkawilit who had adequate education, working experience and training courses as the Company's Head of Internal Audit on August 13, 2019. Additionally, the Audit Committee is responsible for consideration the independence of the Internal Audit unit as well as the appointment, transfer and dismissal of the head of internal audit or any other unit in charge of an internal audit.

In 2019, the Audit Committee assessed performance of the head of internal audit and was of the opinion that the head of Internal Audit has suitable qualifications and can effectively perform his or her duties with the following details:

1. To supervise the audit works to make them conform to the plans approved by the Audit Committee.
2. To report important issues concerning internal control systems of the Company which have been found upon audit process.
3. To give suggestion to the Company's executives and employees on efficient performance.
4. To control the audit work to ascertain that the Company's performance meet legal requirements, regulations of the SEC and the SET or regulations of the relevant government agencies.
5. To coordinate, supervise and control on various aspects, such as risk management, code of conducts and etc.

Details about education, experience and training of the head of internal audit are shown in the section "The Board of Directors, Management, Controlling Person, Company Secretary and Head of Internal Audit". Result of Head of Internal Auditor Assessment is shown in the section "Corporate Governance" under the topic of "Head of Internal Audit Assessment".

Furthermore, Head of Internal Audit is able to give useful information, recommendation to any department in the Company regarding general practice in accordance with the laws and regulations as well.

### Head of Compliance Unit

The Company does not have a separate Compliance Unit, however, the Company's Compliance Unit is the responsibility of Company Secretary to ensure that the Company correctly complied with rules and regulations of the SEC, the SET, the Public Company Limited Act and other relevant laws. Responsibilities of Company Secretary as Head of Compliance Unit are as follows:

- Perform duty with responsibility, caution and honesty as stipulated by laws and other relevant regulations.
- Supervise and oversee the operation activities of the Board of Directors and propose recommendations to the Board concerning the Company's regulations and the regulations of the related department.

## Risk Management

The Company established risk management policy which included the analysis of possible risks which may have materials impacts, preparation of risk mitigation plan as well as improvement of internal control systems in order to be able to effectively control and manage risks and report the results to the Board of Directors. These methods can ensure that the Company will have proper risk management and the risks can be effectively and efficiently managed as posted on the Company's website at [www. samartdigital.com](http://www.samartdigital.com).

Criteria for risk assessment in each level has been clearly defined, both at corporate level and operation level, so that risks in all operation procedures can be thoroughly identified. Risks will be considered in 2 aspects, i.e. likelihood and impacts. Risks will be ranked as high, medium and low.

The Company has appointed the Risk Management Committee by electing appropriate persons from the members of the Board of Directors, simultaneously, to consider and appoint the chairman of Risk Management Committee from the committee members to assess and review risks of various departments as well as propose the policies related to risk management. During 2019, the Risk Management Committee conducted 3 meetings.

In addition, the Company has set the Risk management working team of which members consisted of the Company's director and management to take responsibilities as follows:

1. Classify the significant risk and provide the effectively and efficiently method to control all company's risks to the appropriate level.
2. Monitor and follow up all practices to comply with the risk management policy and general guideline as approved by the Board of Directors.
3. Regularly report to the Board of Directors regarding the Company's risk management, general practices, action plan, status of risk and any changes including corrective and preventive measures to comply with the specified policy and strategy.

# Anti-Corruption

The Company operates business by placing importance on anti-corruption and adherence to integrity, ethics, transparent and auditable management as well as accountability to all stakeholders. The Company prescribed suitable code of conduct guidelines for the Board of Directors, the executives and the employees with regards to business ethics and employee ethics. Compliance with the policy has been reviewed continually.

## Duties and Responsibilities

- The Board of Directors is responsible for specifying the anti-corruption policy.
- The Audit Committee is responsible to audit the accounting and financial report, internal control and internal audit including risk management system to ensure that they are compliance with the international standards, concisely and effectively.
- The management team is responsible for promotion and support the anti-corruption policy and convey such policy to all employees and relevant parties.

In addition, the Company has set the written Anti-Corruption policy and its General Operating guidelines and has been disclosed to the organization and posted it on the Company's website at [www.samartdigital.com](http://www.samartdigital.com). Details was shown in "Anti-Corruption".

## Anti-Corruption Policy

The Company conducts all business affairs under principles of good corporate governance. Anti-Corruption Policy is set to prevent all corruptions that may arise from operating activities and contacts with stakeholders. Directors, executives and employees of the Company, its subsidiaries and associated companies must strictly adherence. Details of the policy are as follows:

### 1. Political neutrality and political assistance

The Company is a politically neutral business entity that supports lawful operations and democratic form of government with the King as Head of State. Directors, executives, and employees enjoy their political rights and freedom under the law. However, they must not deprive Company of neutrality and compromise it though their involvement in politics or use its resources to do so.

### 2. Donation for charity and support fund

The Company supports community and social development to upgrade the quality of life, enhance the economy, and strengthen communities and society through business processes or donation for charity used for public charity only. Moreover, the support fund for Company's business must have a clear proof of documents in compliance with the Company's regulations.

### 3. Receiving and giving present, property or other benefits policies

Receiving or giving any benefits as tradition and morality to express gratitude or maintaining business relation as usual should be done with appropriateness. The Company will not encourage or expect the receiving person to ignore his/her duty and/or return favor from giving inappropriate present, property or other benefits with the following practices:

1. Receiving and giving property or other benefits that could improperly influence decision making;
  - The employee of company shall not receive or give money, property, merchandise or any benefits involving anyone whose intention is to persuade the employee to commit or omit anything contrary to duty.

- Receiving present or property shall be compliance with morals, and shall not be illegal as well as such gift or property shall not be illegal.
  - Paying for business expenses such as meals and other forms of hospitality that are directly connected to performance of business commitments is acceptable, but such expenses must be reasonable.
  - Giving present, property or other benefits to government officer in Thailand and other countries must be sure that it shall not against the law and local tradition.
2. Receiving or giving present and memento:
- Before receiving or giving present or memento, should make sure that such an action does not violate the law and the Company's regulations. Gifts exchanged in the normal course of business should be inexpensive and appropriate to the occasion.
  - Avoid receiving or giving present or memento that could unfairly influence a decision in the performance of one's duties. If it is necessary to receive a gift of unusually high value from someone doing business with the Company, report the matter to the superior.
  - Keep records of expenses as evidence of the value of present or memento given, so that can be examined later.
  - If the employee has been assigned or permitted by the superior to assist an outside agency, the employee may receive money, item, or present according to the guidelines or standards that agency has set.
3. Transactions with the government sector:
- Conduct properly and honestly when in contact with government officials or agencies.
  - Always remember that the laws, rules, and customs of each place may have diverse conditions, procedures, or methods of proceeding.
  - Comply with the laws of each country or locality in matters pertaining to hiring government employees as consultants or employees of the Company. Such hiring must be transparent and appropriate.

## General Operating Guidelines

### 1. The process of risk assessment and risk management.

The Company has an internal audit unit to audit operations that may trend to have risks of all departments of each company, including risks from corruption to ensure that all departments have appropriated internal control system in place, both on preventive control and detective control. If it is found that any department does not have adequate internal control system or there is a corruption case, such matter shall be reported to the Audit Committee and the high level executives. Preventive guidelines must have also been reported in order to improve the internal control system.

### 2. Protection

To ensure that the remuneration provided to the employees is adequate, focused on creation of consciousness and it must not be the source for corruption. The Human Resource Department shall compile the survey results report on wage adjustment in each year from the well-known institutes, both domestically and internationally as well as exchange information with the Human Resource Department of other companies in the telecommunication and computer businesses. The information gained shall be used for consideration on provision of remuneration to the employees.

### 3. Training and Communication

To encourage operations pursuant to anti-corruption policies by providing training to employees to promote honesty, integrity and best practices on good conduct and ethics for employees including code of business ethics of the Company during the orientation of the new employees. All employees can access to such information via HR Website ([www.samarthre.com](http://www.samarthre.com)).

**4. Reporting Channels**

In order to oversee the implementation of anti-corruption policy, the Company encourages its employees and all stakeholders to report the violation of Company's policies and unfair practices by providing the channels for stakeholders to inform any actions which are against the corporate governance principle, ethics, rules and regulations of the Company, laws or any action which may cause damage to the Company to the Internal Audit Department by direct mail or E-mail as informed at the Company's website ([www.samardigital.com](http://www.samardigital.com)). The Internal Audit Department will inspect and analyze the information according to the procedures and methods on "Notifying the information on misconduct and the protection of the informant". The Company shall protect the informant or whistle-blower by not disclosing the name of the informant or whistle-blower to any person.

**5. Governing and monitoring of the policy**

The internal audit unit shall summarize the audit result only the corruption issues of each department during the previous year and report to the Audit Committee annually with recommendations to solve the problems.

**6. Penalty**

Any action that direct or indirect violates this policy shall be subject to disciplinary action according to the Company's regulations and face with legal penalty, if such action is against the law.

Result of the implementation of such policies in the past year caused the following matters:

- No case of misconduct on corruption or breach of the ethics. It found only fault that not complied with the Company's regulation and it was amended and clarified the correct procedures to the employees.
- No director and executives resigned due to the issues of corporate governance.
- No case of the Company's negative reputation as a result of failure in the monitoring function of the Board of Directors.

# Connected Transactions

Connected transactions which might have conflict of interest for the year ended December 31, 2017- 2019 are as follows:

Related Parties	Transaction Type	Value of Transaction (Million Baht)		
		2017	2018	2019
<b>1. Samart Corporation Plc.</b> A Major shareholder of Samart Digital Plc. with 82.70% stake owner  <u>Related Directors</u> 1. Mr. Charoenrath Vilailuck 2. Mr. Watchai Vilailuck	Samart Digital Plc. and its subsidiaries sold products and provided services to Samart Corporation Plc. and its subsidiaries as follows;			
	- Samart Corporation Plc.	1.019	0.002	0.069
	- Portalnet Co., Ltd.	0.063	-	10.934
	- Samart Comtech Co., Ltd.	1.470	0.287	4.133
	- One to One Contacts Plc.	0.757	0.910	0.214
	- Samart Telcoms Plc.	18.987	49.847	1.923
	- Vision and Security System Co., Ltd.	0.708	0.007	0.002
	- Samart Engineering Co., Ltd.	0.278	0.014	-
	- Samart U-Trans Co., Ltd.	0.356	0.007	0.074
	- Cambodia Air Traffic Service Co., Ltd.	0.005	-	-
	- Teda Co., Ltd.	0.134	0.006	-
	- Samart Communication Service Co., Ltd.	0.595	0.069	0.023
	- Samart Infonet Co., Ltd.	0.145	-	-
	- Samart Ed-Tech Co., Ltd.	0.062	-	-
	- Posnet Co., Ltd.	0.367	-	-
	- Transec Power Services Co., Ltd.	0.069	-	-
	- Smarterware Co., Ltd.	0.130	-	-
	- Thai Trade Net Co., Ltd.	0.102	-	-
	- Samart Aviation Solutions Plc.	-	-	0.205
	Thai Base Station Co., Ltd. provided space and tower rental to a subsidiary of Samart Corporation Plc. as follows;			
	- Samart Communication Service Co., Ltd.	14.934	40.698	37.887
	Samart Digital Plc. and its subsidiaries sold equipment to Samart Corporation Plc. and its subsidiaries as follows;			
	- Samart Corporation Plc.	-	-	0.100
	- Vision and Security System Co., Ltd.	0.010	-	-
	- Samart Telcoms Plc.	0.002	-	-
	- One to One Contacts Plc.	0.010	-	0.004
	- Teda Co., Ltd.	0.033	0.051	0.017
	- Samart Engineering Co., Ltd.	-	0.023	-
	- Posnet Co., Ltd.	-	0.011	0.002
	- Samart Comtech Co., Ltd.	3.548	-	-
	- Samart U-Trans Co., Ltd.	-	-	0.006
	Samart Digital Plc. and its subsidiaries bought products and received services from Samart Corporation Plc. and its subsidiaries as follows;			
	- Samart Corporation Plc.	0.031	-	-
	- Vision and Security System Co., Ltd.	0.687	-	-
	- Samart Engineering Co., Ltd.	14.794	36.471	0.925
	- Samart Infonet Co., Ltd.	4.120	3.364	1.800
	- Inno Hub Co., Ltd.	-	-	0.055
	- Samart Communication Service Co., Ltd.	-	0.600	-



Related Parties	Transaction Type	Value of Transaction (Million Baht)		
		2017	2018	2019
	Samart Digital Plc. and its subsidiaries paid Information Technology fee and related services to Samart Corporation Plc.	12.466	11.410	6.538
	Samart Digital Plc. and its subsidiaries paid contact center management fee to a subsidiary of Samart Corporation Plc. as follows; - One to One Contacts Plc.	25.193	12.745	2.171
	Samart Digital Plc. bought equipments for project from subsidiaries of Samart Corporation Plc. as follows; - Samart Comtech Co., Ltd. - Samart Communication Service Co., Ltd. - Samart Engineering Co., Ltd.	266.191 - -	308.128 67.012 -	32.797 11.486 3.600
	Samart Digital Media Co., Ltd. bought intangible asset for running business from a subsidiary of Samart Corporation Plc. as follows; - Inno Hub Co., Ltd.	-	-	1.350
	Siamsport Television Co.,Ltd. paid interest on car according to the hire purchase contract to Samart Comtech Co., Ltd. (A subsidiary of Samart Corporation Plc.)	4.832	17.958	15.538
	Samart Digital Plc. and its subsidiaries paid space rental, utility service fees and related expenses to Samart Corporation Plc.	29.429	27.500	7.969
	Samart Digital Plc. paid Interest and fee to Samart Corporation Plc.	24.288	11.857	0.197
<b>2. Vilailuck International Holding Co., Ltd.</b> A major shareholder of Samart Corporation Plc. with 18.42% stake owner and SAMART is the major shareholder of Samart Digital Plc. <u>Related Directors</u> 1. Mr. Charoenrath Vilailuck 2. Mr. Watchai Vilailuck	Samart Digital Plc. sold products and provided services to Vilailuck International Holding Co., Ltd.	0.087	-	-
	Samart Digital Plc. and its subsidiaries paid space rental, utility service fees and related expenses to Vilailuck International Holding Co., Ltd.	4.201	4.725	4.666
<b>3. CSV Asset Co., Ltd.</b> whose major shareholder of 99.97% stake owner is Vilailuck International Holding Co., Ltd. and VIH is a major shareholder of SAMART and SAMART is a major shareholder of Samart Digital Plc. <u>Related Directors</u> 1. Mr. Charoenrath Vilailuck 2. Mr. Watchai Vilailuck	Samart Digital Plc. paid space rental, services, utility service fees and related expenses to CSV Asset Co., Ltd.	3.726	3.043	2.535

Related Parties	Transaction Type	Value of Transaction (Million Baht)		
		2017	2018	2019
<b>4. Thai Ticket Pro Co., Ltd.</b> A director is connected person. <u>Related Director</u> 1. Mr. Watchai Vilailuck	Samart Digital Plc. and its subsidiaries bought air ticket from Thai Ticket Pro Co., Ltd.	0.113	0.201	0.011
<b>5. Win Performance Co., Ltd.</b> Mr. Watchai Vilailuck, a director of Samart Digital Plc., is a major shareholder with 25.00% stake owner of Win Performance Co., Ltd.	Samart Digital Plc. and its subsidiaries provided services to Win Performance Co., Ltd.	8.856	9.563	10.627

## Summary of criteria for considering the connected transactions that may have conflict of interest

### Necessity and Rationale of transactions

From consideration and review of the connected transactions as the above table, the Audit Committee expressed an opinion that the transactions are reasonable, beneficial and necessary for the Company's business operations with general trading conditions. The financial assistance transactions are fair and beneficial to the Company, and comply with the group's policy. The Company has operated in accordance with the Securities and Exchange Act and regulations, announcements or notifications of the Capital Market Supervisory Board and the Stock Exchange of Thailand as well as the Disclosure of Information concerning the Connected Transactions.

### Measures and Steps of Approval for Connected Transactions

The Audit Committee will review the connected transactions to prevent conflict of interest and propose to the Board of Directors and Shareholders' meetings for approval respectively depended on conditions and values of transactions. Meanwhile, the directors, management and the stakeholders who have conflict of interest will not participate in approving such transactions. The approval on the connected transaction will be in accordance with the Securities and Exchange Act and the regulations, announcements or notifications of the Capital Market Supervisory Board and the Stock Exchange of Thailand as well as comply with the Disclosure of Information concerning the Connected Transactions and the Company's Articles of Association. Principles on entering into the normal business transactions with general trading conditions and without general trading conditions are as follows:

- **Normal business transactions with general trading conditions**

Normal business transactions with general trading conditions that may occur in the future are required to have an approval in principle from the Board of Directors. The management can approve such transaction if it has trading conditions in the same manner that any person should do with general contracting parties in the same situation on the basis of bargaining power without any influence in their status as a director, executive or related person.

Additionally, the Company shall summarize such transactions and report at the meeting of the Audit Committee and the meeting of the Board of Directors on quarterly basis.

- **Normal business transactions without general trading conditions**

Normal business transactions without general trading conditions are required to have an opinion from the Audit Committee before proposing to the Board of Directors and/or the shareholders' meeting for further consideration. In addition, it must be complied with the Securities and Exchange Act as well as regulations, notifications, orders and requirements of the Capital Market Supervisory Board and the Stock Exchange of Thailand including the regulations on Disclosure of Information concerning the Connected Transactions and the Company's Articles of Association.

In the case where the Audit Committee does not have expertise in considering any connected transaction, the Company will appoint independent experts or the Company's auditor to express opinion on the transaction. The opinion will be proposed for consideration of the Audit Committee and/or the Board of Directors and/or shareholders, as the case may be, to ensure that the transaction is necessary and reasonable by taking into account the interests of the Company. Moreover, the Company shall disclose the connected transactions in the annual information disclosure form and the notes to the Company's audited/reviewed financial statement.

**Policy and Trend in Future Connected Transactions**

The Company may have any connected transaction as appropriate based on normal business conditions and can be referred the same transaction made with outside parties with the necessity and the maximized benefit to the Company. However, the Company will strictly comply with the Securities and Exchange Act and the regulations, announcements or notifications of the Capital Market Supervisory Board and the Stock Exchange of Thailand as well as the Disclosure of Information concerning the Connected Transactions and the Company's Articles of Association. In case of any future conflict of interest transaction, opinion from the Audit Committee on its necessity and appropriateness will be required and disclosed in the notes to the Company's audited/reviewed financial statement.

# Management Discussion and Analysis

## Financial Statements

Summary of financial positions and operating results of Samart Digital Public Company Limited and its subsidiaries are as follows:

(Unit: Million Baht)

Item	As of December 31		
	2017	2018	2019
Cash and cash equivalents	242	374	215
Account receivables - net	2,986	1,530	992
Inventories	128	0.2	105
Equipment - net	1,154	2,558	2,624
Total assets	6,385	5,926	5,328
Overdrafts and loans from financial institutions	4,048	3,946	3,664
Account payables	88	19	78
Total liabilities	5,835	4,909	4,479
Paid up capital	440	1,132	1,132
Retained earnings (Deficit)	(1,101)	(2,690)	(2,924)
Non-controlling interests of the subsidiaries	91	92	100
Shareholders' equity	550	1,017	849
Revenue from sales and services	1,334	743	999
Total revenues	1,364	770	1,122
Cost of sales and services	1,368	726	812
Selling and Administrative expenses include other expenses	2,223	1,193	333
Finance Cost	191	222	222
Net profit (loss)	(1,925)	(1,596)	(233)
Earning (loss) per share (Baht)	(0.44)	(0.19)	(0.02)
Cash flow from (used in) operating activities	337	487	827
Cash flow from (used in) investing activities	(399)	(1,003)	(687)
Cash flow from (used in) financing activities	186	647	(298)
Net increase (decrease) in cash and cash equivalents	123	131	(159)
Par value per share (Baht)	0.10	0.10	0.10
Ordinary shares outstanding (Million shares)	4,400.25	11,324.42	11,324.42
Weighted average number of ordinary shares (Million shares)	4,400.25	8,613.84	11,324.42
Book value per share (Baht)	0.13	0.09	0.07
Dividend per share (Baht)	-	-	-

Financial ratios of Samart Digital Public Co., Ltd. and its subsidiaries are as follows:

Financial Ratio		As of December 31		
		2017	2018	2019
<b>LIQUIDITY RATIO</b>				
Current ratio	(Times)	0.80	0.63	0.51
Quick ratio <sup>(1)</sup>	(Times)	0.62	0.47	0.34
Cash turnover	(Times)	0.06	0.10	0.21
Receivable turnover ratio	(Times)	0.31	0.33	0.82
Average collection period	(Days)	1,170	1,084	441
Inventory turnover ratio	(Times)	4.59	11.36	15.50
Average sale period	Days	79	32	24
Payable turnover ratio	(Times)	13.60	13.45	16.72
Payment period	(Days)	27	27	22
Cash conversion cycle	(Days)	1,222	1,089	443
<b>PROFITABILITY RATIO</b>				
Gross profit <sup>(2)</sup>	(%)	(2.44)	2.62	18.75
Operating profit margin <sup>(3)</sup>	(%)	(181.09)	(183.88)	(24.52)
Other profit margin	(%)	2.15	3.26	10.96
Operating cash flow to profitability	(%)	(13.92)	(35.58)	(337.45)
Net profit margin	(%)	(141.10)	(207.33)	(21.25)
Return on equity	(%)	(134.81)	(230.70)	(28.47)
<b>EFFICIENCY RATIO</b>				
Return on assets	(%)	(26.81)	(25.94)	(4.24)
Return on fixed assets	(%)	(180.47)	(72.56)	(1.92)
Asset turnover	(Times)	0.19	0.13	0.20
<b>FINANCIAL POLICY RATIO</b>				
Debt to equity	(Times)	10.60	4.83	5.27
Interest coverage	(Times)	1.79	2.29	3.76
Commitment coverage	(Times)	0.19	0.35	0.78
Dividend payout ratio	(%)	-	-	-

**Remarks** <sup>(1)</sup> Quick ratio was calculated by including restricted cash deposits.

<sup>(2)</sup> Gross profit was calculated by including sales support revenue.

<sup>(3)</sup> Operating profit was defined as earnings before tax and non-controlling interests of the subsidiaries.

## Operation Overview

In 2019, the Company and subsidiaries reported total revenues of Baht 999 million, an increase of Baht 256 million or 34.4% compared with 2018. This was primarily resulted from Digital Network Business.

Operating loss of Baht 245 million, decreased by Baht 1,125 million or 82.1% compared with 2018 as the increase in gross profit margin together with lower of selling expenses and also other expenses which was mainly allowance for doubtful accounts. As a result, net loss was Baht 238 million, a decrease of Baht 1,359 million from the previous year.

## Results of Operation of the Company and Subsidiaries

### Sales and service income including gross profit

(Unit: Million Baht)

	Digital Network		Digital Content		Total	
	2019	2018	2019	2018	2019	2018
Sales and service income	517	256	482	487	999	743
Cost of sales and services	(480)	(318)	(332)	(407)	(812)	(725)
Gross profit	37	(62)	150	80	187	18
Selling and Administrative expenses and other expenses					(333)	(1,193)
Other income					123	27
Finance cost					(222)	(222)
Corporate income tax					11	(226)
Non-controlling interests of the subsidiaries					(4)	(1)
Net loss					(238)	(1,597)

### Digital Network

Revenue of Digital Network Business, including selling support income, was Baht 517 million, increased by Baht 261 million or 102.0% compared with 2018, gross profit was Baht 37 million, an increase of Baht 99 million or 159.6%, this was mainly resulted from installment of network communication equipment and the selling of obsoleted stock including mobile and spare part in this period.

### Digital Content

Revenue of Digital Content Business was Baht 482 million, a decrease of Baht 5 million or 1.0% compared with 2018, mainly from the decrease in revenues from digital content on mobile phone. Moreover, gross profit was Baht 150 million, an increase of Baht 70 million or 87.5% due to cost reduction.

### Other Income

Other income was Baht 123 million, representing 11.0% of total revenues in 2019, an increase of Baht 96 million or 355.5% compared with the previous year due to reverse provision AR from collection of accounts receivable (fully provision) Baht 105 million. As a result, that transaction showed as other income in the income statement for the year ended December 31, 2019.

### Selling and Administration Expenses including Other Expenses

Selling and administration expenses including other expenses were Baht 333 million, a decrease of Baht 860 million or 72.1% compared with 2018. This was primarily due to reduction of reserve for doubtful accounts Baht 653 million for the certain receivable that have repayment problems whilst selling and administration expenses including other expenses decreased Baht 207 million.

### Finance Cost

Finance cost was Baht 222 million, equivalent to 2018.

### Income Tax

Income tax expenses were totally Baht 11 million, an increase from 2018 of Baht 238 million, corresponding to deferred tax asset reversal of temporary differences in 2018.

## Financial Position

### Assets

As of December 31, 2019, total assets were Baht 5,328 million, a considerable decrease of Baht 598 million or 10.1% compared with the end of 2018. This was contributed primarily by the decline in trade receivables from the collection of trade receivables. The portion of trade receivables were 18.6% of total assets.

Total non-current assets were Baht 3,394 million, an increase of 115 million or 3.5% compared with the end of 2018, representing 63.7% of total assets, mainly are assets under installation of digital trunked radio system project (DTRS).

### Trade Receivables

As of December 31, 2019, trade receivables -net were Baht 992 million, a significant decrease of Baht 538 million or 35.2% compared with the end of 2018. Allowance for doubtful accounts was provided through an estimation of uncollectible receivables, which based on the Company's collection experience, analysis of debtors, and current status of receivables outstanding as of December 31, 2019. The management of the Company and its subsidiaries believe that the allowance for doubtful debts is reasonable and adequate.

### Inventories

As of December 31, 2019, net inventories were Baht 105 million, significantly increased by Baht 104 million compared with the end of 2018. This was mainly contributed by the increase in finished goods.

### Other Current Assets

As of December 31, 2019, other current assets were Baht 617 million, a decrease of Baht 125 million or 16.8% compared with the end of 2018, the outstanding balances were mainly advance for purchase of equipment for new projects and input tax refundable.

### Non-Current Assets

As of December 31, 2019, non-current assets were Baht 3,394 million, increased by Baht 115 million or 3.5% from the end of 2018. This was mainly contributed by the increase in assets under installation which were mainly digital trunked radio project (DTRS) and the increase of intangible assets of subsidiary company.

### Liquidity

As of December 31, 2019, cash and cash equivalents were Baht 215 million, a decrease of Baht 159 million or 42.5% compared with the end of 2018. Sources and uses of fund are as follows:

- Net cash flows from operating activities of Baht 827 million was mainly attributed to the decline in trade receivables and inventories corresponding to trade receivables repayment and stop of Mobile Business.
- Net cash flows use in investing activities of Baht 687 million was mainly attributed to given the purchase of equipment of digital trunked radio system project (DTRS).
- Net cash flows use in financing activities of Baht 298 million was mainly attributed to repayment of loans from finance institution and finance lease agreement.

Compared with 2018, the Company's liquidity ratio declined from 0.63 times to 0.51 times and quick ratio declined from 0.47 times to 0.34 times while cash turnover increased from 0.10 times to 0.21 times.



## Sources of Funds

As of December 31, 2019, total shareholders' equity was Baht 849 million, a decrease of Baht 168 million or 16.5% compared with the end of 2018.

Total liabilities as of December 31, 2019 were Baht 4,479 million, decreased Baht 430 million or 8.8% compared with the end of 2018. Total liabilities consist of current liabilities of Baht 3,790 million, and non-current liabilities of Baht 689 million, representing 71.1% and 12.9% of total assets respectively. Major components are as follows:

- Bank overdrafts and loans from financial institutions were totally Baht 3,664 million, representing 81.8% of total liabilities or 68.8% of total assets, a considerable decrease of Baht 282 million or 7.1% compared with the end of 2018.
- Trade payables and other payables were Baht 602 million, representing 13.5% of total liabilities or 11.3% of total assets, decreased by Baht 303 million or 33.5% compared with the end of 2018, mainly caused by other payables.
- Short-term loans were Baht 22 million, representing 0.5% of total liabilities or 0.4% of total assets, equivalent to the end of 2018.

Regarding above liabilities and shareholders' equity, the Company's debt to equity ratio increased from 4.83 times to 5.27 times in 2019.

# Report of the Board of Directors' Responsibilities for the Financial Reports

The Company's Board of Directors is responsible for the financial statements of Samart Digital Public Company Limited and the consolidated financial statements of the Company and its subsidiaries as well as the information that appears in the Annual Report. The financial statements are prepared in accordance with Thai Financial Reporting Standards. Appropriate accounting policies have used and practiced regularly. Careful consideration and best estimates have made with sufficient disclosure of information in the notes to the financial statements. This is to ensure transparency and benefits to the shareholders and investors.

The Board of Directors has provided for and maintained appropriate and effective internal control system to obtain reasonable assurance that the accounting information is accurate, complete and sufficient to maintain the Company's assets and to prevent fraud or significant unusual transactions.

In this regard, the Board of Directors appoints the Audit Committee to examine the accounting policies and the quality of the financial reports as well as the internal control and internal audit systems. The opinions of the Audit Committee on these matters appear in the Report of the Audit Committee in this Annual Report.

The financial statements of Samart Digital Public Company Limited and its consolidated financial statements were audited by EY Office Limited, the Company's auditor. During the audit, the Board of Directors supported the auditor with various information and documents so that the auditor could audit and express its opinions according to the accounting standards. The opinions of the auditor appear in the Report of Independent Auditor in this Annual Report.

The Board of Directors was of the opinion that the overall internal control system of the Company was at a satisfactory level. The financial statements of Samart Digital Public Company Limited and its consolidated financial statement as of December 31, 2019 was creditable presentation in accordance with Thai Financial Reporting Standards and compliance with related laws and regulations.



(Mr. Watchai Vilailuck)

Director

Samart Digital Public Company Limited



(Mrs. Sukanya Vanichjakvong)

Director

Samart Digital Public Company Limited

# Independent Auditor's Report

To the Shareholders of Samart Digital Public Company Limited

## Opinion

I have audited the accompanying consolidated financial statements of Samart Digital Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Samart Digital Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Samart Digital Public Company Limited and its subsidiaries and of Samart Digital Public Company Limited as at 31 December 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

## Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Material Uncertainty Related to Going Concern

I draw attention to the matter as described in Note 1.2 to the financial statements. The Group has operating loss for a number of consecutive years and as at 31 December 2019 the Group's current liabilities exceeded current assets amounted to Baht 1,855 million (The Company only: Baht 2,312 million) and deficit amounted to Baht 2,969 million. In addition, there is an uncertainty of the changing current situation that may affect the trade accounts receivable and deferred tax assets. The Company has a new business under the expertise and experience of the Company which are awaiting the approval and the major shareholders has still provided the support to the Group. Management therefore believes that the Group will be able to continue as a going concern and the financial statements have therefore been prepared under the going concern basis. However, these events indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. My opinion is not modified in respect of these matters.

## Emphasis of matter

I draw attention to Note 6 to the financial statements, in relation to significant business transactions with the related parties, relevant to purchase of equipment, purchase and sales of goods, services and loans. Such transactions have been conducted on the terms and basis mutually agreed by Samart Digital Public Company Limited and those related parties. My opinion is not modified in respect of this matter.

## Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

#### **Revenue recognition**

The Group has disclosed its policies on revenue recognition from sales and service income in Note 4.1 to the financial statements. Sales and service income represent significant amounts in the financial statements and directly affect profit or loss of the Group. In addition, the Group has entered into agreements with customers and there are a variety of conditions, pertaining to matters. I therefore gave significant attention to revenue recognition of the Group.

I examined the Group's revenue recognition by assessing and testing the Group's IT system and its internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. On a sampling basis, I selected sales and service agreements, examined supporting documents for sales transactions occurring during the year and near the end of the accounting period, and reviewed credit notes that the Group issued after the period-end. I also performed analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

#### **Allowance for doubtful accounts**

As at 31 December 2019, the Group had significant balances of trade accounts receivable (accounting for 19% and 18% of total assets in the consolidated and separate financial statements, respectively). Determining the net realisable value of trade accounts receivable, as disclosed in Note 4.3, 5.2 and 9 to the financial statements, requires significant judgement of management, particularly with regard to the estimated losses that may be incurred from uncollectible debts when debtors are unable to pay, and the timing of such recognition. This impact the amounts of allowance for doubtful accounts to be set aside. I therefore gave significant attention to allowance for doubtful accounts.

I assessed and gained an understanding of the internal controls of the Group relevant to the determination of allowance for doubtful accounts by making enquiry of the responsible executives, gaining an understanding of the basis applied in determining the allowance for doubtful accounts and reviewing the consistency of the application. I also reviewed the debtor aging analysis report, tested the correctness of aging therein and, for long outstanding debts, considered the credit terms given and assessed collectability by taking into account historical debt collection experience. Moreover, I analysed financial information of debtor to assess the financial status of major and long outstanding trade accounts receivable, considered subsequent collections after the period-end date, tested the calculation of the allowance for doubtful accounts according to the policy set by the management, and enquired about the rationale for the recording of specific allowances. I also considered the reasonableness and adequacy of the allowance for doubtful accounts.

#### **Deferred tax**

The Group has disclosed its accounting policy and details relating to deferred tax in Notes 4.16, 5.6 and 31 to the financial statements. A deferred tax asset is recognised when it is highly probable that the Group's taxable profit will be sufficient to allow utilisation of the deferred tax in the future. Determining whether there will be sufficient future taxable profit to utilise temporary differences or taxable losses requires significant management judgement with respect to preparation of business plans and projections of future taxable profit based on approved business plans. There is a risk with respect to the amount of deferred tax assets. I therefore gave significant attention to deferred tax assets.

I assessed and gained an understanding of the key related controls over the preparation and approval of the estimates of future taxable profit for the purposes of deferred tax asset recognition by making enquiry of responsible executives, and gaining an understanding of the Group's designed controls. I assessed the estimates of future taxable profit by checking the required information and key economic assumptions used in the projections against information from both internal and external sources, with particular consideration given to information and assumptions that directly affect revenue growth and gross profit margin. Furthermore, I performed comparative analysis based on industry information from external sources, and compared past profit projections with actual taxable profits to assess the exercise of management judgement in estimating taxable profits. I also tested the calculation of future taxable profit based on the above information and assumptions, and considered the effects of changes to key assumptions on the projected future taxable profits, especially in respect of long-term revenue growth. In addition, I reviewed the disclosure of information regarding temporary differences and unused tax losses for which deferred tax assets were not recognised by the Company.

### **Compliance with loan covenants**

As disclosed in Note 22 to the financial statements, as at 31 December 2019 the Company has long term loan amounting to Baht 1,176 million. Under the loan agreements, the Company has to comply with certain conditions including maintaining financial ratios as stipulated in the agreements. As the long term loan has significant balances in the financial statements (accounting for 26% and 26% of total liabilities in the consolidated and separate financial statements, respectively), there is a risk that the Company could not comply with the certain conditions or maintain financial ratios in accordance with the loan covenants. This could resulted in the loan becoming payable on demand and reclassification from non-current liabilities to current liabilities and also the going concern of the Company.

I have checked the condition and loan covenants as stipulated in the agreements and tested the correctness of the calculation of financial ratios whether they were complied with the loan covenants. I have inquired with the management regarding the process for tracking the condition and loan covenants as well as the process of the waiver in case of breaching the loan covenants. In addition, I have reviewed the appropriateness of the classification of loans and assessed the adequacy of information disclosed in notes to the financial statements with respect to the compliance with the loan covenants, as well as the appropriateness of the going concern basis used in preparing the financial statements of the Company.

### **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

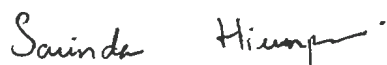
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.

A handwritten signature in black ink, appearing to read 'Sarinda Hirunprasurtwutti'.

Sarinda Hirunprasurtwutti

Certified Public Accountant (Thailand) No. 4799

EY Office Limited

Bangkok: 24 February 2020



# Financial Statements

Samart Digital Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	214,647,827	373,615,974	95,295,751	321,932,295
Temporary investments	8	1,401,066	1,818,666	1,401,066	1,818,666
Investment held-for-sale	14	4,955,566	-	-	-
Trade and other receivables	6, 9	992,195,404	1,530,224,611	939,526,974	1,436,459,214
Short-term loans	6, 10	-	-	109,939,934	78,955,773
Inventories	11	104,517,639	235,432	104,146,769	-
Other current assets	12	617,125,602	742,123,011	420,885,950	481,171,768
<b>Total current assets</b>		<b>1,934,843,104</b>	<b>2,648,017,694</b>	<b>1,671,196,444</b>	<b>2,320,337,716</b>
<b>Non-current assets</b>					
Restricted bank deposits	7, 13	103,594,260	104,164,539	103,594,260	104,164,539
Available-for-sale investments	14	15,300,000	17,572,558	15,300,000	13,200,000
Investments in subsidiaries	15	-	-	734,626,263	739,092,068
Equipment	16	2,623,615,665	2,557,512,732	2,340,702,616	2,210,632,611
Goodwill	17	59,323,000	59,323,000	-	-
Intangible assets	18	101,713,323	42,866,557	-	-
Deferred tax assets	31	479,716,914	481,715,600	446,398,921	441,714,184
Other non-current assets		10,334,355	15,537,090	6,466,028	9,823,461
<b>Total non-current assets</b>		<b>3,393,597,517</b>	<b>3,278,692,076</b>	<b>3,647,088,088</b>	<b>3,518,626,863</b>
<b>Total assets</b>		<b>5,328,440,621</b>	<b>5,926,709,770</b>	<b>5,318,284,532</b>	<b>5,838,964,579</b>

The accompanying notes are an integral part of the financial statements.

**Samart Digital Public Company Limited and its subsidiaries**

**Statement of financial position (continued)**

**As at 31 December 2019**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans					
from financial institutions	19	2,290,040,000	2,649,311,860	2,255,040,000	2,599,180,000
Trade and other payables	6, 20	602,299,844	905,373,907	440,191,233	725,401,685
Short-term loans	6, 21	22,140,000	22,140,000	493,000,000	493,000,000
Current portion of long-term loans from financial institutions	22	635,735,844	588,282,333	635,735,844	588,282,333
Current portion of liabilities under hire purchase and finance lease agreements	23	74,448,487	37,184,761	-	-
Income tax payable		494,030	541,638	-	-
Unearned revenue		158,276,835	4,436,024	156,403,667	-
Other current liabilities		6,192,908	7,014,602	2,623,666	2,211,761
<b>Total current liabilities</b>		3,789,627,948	4,214,285,125	3,982,994,410	4,408,075,779
<b>Non-current liabilities</b>					
Long-term loans from financial institutions, net of current portion	22	540,540,000	463,222,800	540,540,000	463,222,800
Liabilities under hire purchase and finance lease agreements, net of current portion	23	122,812,317	207,906,945	-	-
Provision for long-term employee benefits	24	26,140,912	23,900,435	12,552,795	8,843,960
Other non-current liabilities		-	42,578	-	-
Liabilities for investment in subsidiaries under equity method	15	-	-	32,878,975	33,367,049
<b>Total non-current liabilities</b>		689,493,229	695,072,758	585,971,770	505,433,809
<b>Total liabilities</b>		4,479,121,177	4,909,357,883	4,568,966,180	4,913,509,588

The accompanying notes are an integral part of the financial statements.

**Samart Digital Public Company Limited and its subsidiaries**
**Statement of financial position (continued)**
**As at 31 December 2019**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
<b>Liabilities and shareholders' equity (continued)</b>					
<b>Shareholders' equity</b>					
Share capital	25				
Registered					
15,400,875,000 ordinary shares of Baht 0.1 each		1,540,087,500	1,540,087,500	1,540,087,500	1,540,087,500
Issued and fully paid-up					
11,324,423,218 ordinary shares of Baht 0.1 each		1,132,442,322	1,132,442,322	1,132,442,322	1,132,442,322
Share premium	25	2,615,286,678	2,615,286,678	2,615,286,678	2,615,286,678
Surplus (deficit) on changes in percentage of shareholding in subsidiary		(206,369)	569,584	(206,369)	569,584
Retained earnings					
Appropriated - statutory reserve	26	44,400,000	44,400,000	44,400,000	44,400,000
Unappropriated (deficit)		(2,968,644,279)	(2,734,247,101)	(2,968,644,279)	(2,734,247,101)
Other components of shareholders' equity		(73,960,000)	(132,996,492)	(73,960,000)	(132,996,492)
Equity attributable to owners of the Company		749,318,352	925,454,991	749,318,352	925,454,991
Non-controlling interests of the subsidiaries		100,001,092	91,896,896	-	-
<b>Total shareholders' equity</b>		<b>849,319,444</b>	<b>1,017,351,887</b>	<b>749,318,352</b>	<b>925,454,991</b>
<b>Total liabilities and shareholders' equity</b>		<b>5,328,440,621</b>	<b>5,926,709,770</b>	<b>5,318,284,532</b>	<b>5,838,964,579</b>

The accompanying notes are an integral part of the financial statements.

**Samart Digital Public Company Limited and its subsidiaries**

**Income statement**

**For the year ended 31 December 2019**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Revenues</b>					
Sales		399,663,193	211,788,548	417,464,430	211,332,061
Service income		478,596,213	531,437,744	1,573,205	1,459,521
Revenue from contract work		120,627,692	-	79,365,223	-
Other income	27	123,114,585	26,900,174	141,841,798	41,177,208
<b>Total revenues</b>		<b>1,122,001,683</b>	<b>770,126,466</b>	<b>640,244,656</b>	<b>253,968,790</b>
<b>Expenses</b>	28				
Cost of sales		352,612,443	283,254,230	371,133,635	284,240,680
Cost of services		349,885,354	442,276,766	14,288,189	729,221
Cost of contract work		109,218,898	-	66,954,568	-
Selling and distribution expenses		56,850,198	126,360,838	35,866,821	105,252,380
Administrative expenses		204,892,543	252,121,576	113,516,482	169,316,409
Other expenses	29	71,530,208	814,564,900	417,600	813,051,362
<b>Total expenses</b>		<b>1,144,989,644</b>	<b>1,918,578,310</b>	<b>602,177,295</b>	<b>1,372,590,052</b>
<b>Profit (loss) before share of loss from investments in subsidiaries, finance cost and income tax income (expenses)</b>		<b>(22,987,961)</b>	<b>(1,148,451,844)</b>	<b>38,067,361</b>	<b>(1,118,621,262)</b>
Share of loss from investments in subsidiaries	15	-	-	(72,650,325)	(50,091,942)
<b>Loss before finance cost and income tax income (expenses)</b>		<b>(22,987,961)</b>	<b>(1,148,451,844)</b>	<b>(34,582,964)</b>	<b>(1,168,713,204)</b>
Finance cost	30	(221,951,055)	(221,521,191)	(208,831,534)	(205,715,009)
<b>Loss before income tax income (expenses)</b>		<b>(244,939,016)</b>	<b>(1,369,973,035)</b>	<b>(243,414,498)</b>	<b>(1,374,428,213)</b>
Income tax income (expenses)	31	11,476,542	(226,211,707)	5,024,001	(222,255,461)
<b>Loss for the year</b>		<b>(233,462,474)</b>	<b>(1,596,184,742)</b>	<b>(238,390,497)</b>	<b>(1,596,683,674)</b>
<b>Earnings (loss) attributable to:</b>					
Equity holders of the Company		(238,390,497)	(1,596,683,674)	(238,390,497)	(1,596,683,674)
Non-controlling interests of the subsidiaries		4,928,023	498,932		
		(233,462,474)	(1,596,184,742)		
<b>Basic loss per share</b>	32				
Loss attributable to equity holders of the Company		(0.02)	(0.19)	(0.02)	(0.19)
Weighted average number of ordinary shares (shares)		11,324,423,218	8,613,843,125	11,324,423,218	8,613,843,125

The accompanying notes are an integral part of the financial statements.

**Samart Digital Public Company Limited and its subsidiaries**  
**Statement of comprehensive income**  
**For the year ended 31 December 2019**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Loss for the year</b>		(233,462,474)	(1,596,184,742)	(238,390,497)	(1,596,683,674)
<b>Other comprehensive income:</b>					
<i>Other comprehensive income reclassified or to be reclassified to profit or loss in subsequent periods</i>					
Reclassification of exchange differences on translation of financial statements in foreign currencies of disposed subsidiaries to profit or loss		-	(4,467,802)	-	(4,467,802)
		-	(4,467,802)	-	(4,467,802)
Profit (loss) on changes in value of available-for-sale investments	14	2,683,008	(21,761,231)	2,683,008	(21,761,231)
Reclassification of loss on change in value of disposed available-for-sale investments to profit or loss		71,112,607	-	71,112,607	-
Income tax effect	31	(14,759,123)	4,352,246	(14,759,123)	4,352,246
		59,036,492	(17,408,985)	59,036,492	(17,408,985)
<b>Other comprehensive income reclassified or to be reclassified to profit or loss in subsequent periods, net of tax</b>		59,036,492	(21,876,787)	59,036,492	(21,876,787)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Reversal of actuarial gain on defined benefit plan from the employee transferral	24	-	(2,356,870)	-	-
Actuarial gain	24	7,621,974	12,380,017	4,996,699	10,012,595
Income tax effect	31	(1,528,435)	(2,000,589)	(1,003,380)	(1,998,479)
		6,093,539	8,022,558	3,993,319	8,014,116
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax</b>		6,093,539	8,022,558	3,993,319	8,014,116
<b>Other comprehensive income for the year</b>		65,130,031	(13,854,229)	63,029,811	(13,862,671)
<b>Total comprehensive income for the year</b>		(168,332,443)	(1,610,038,971)	(175,360,686)	(1,610,546,345)
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		(175,360,686)	(1,610,546,345)	(175,360,686)	(1,610,546,345)
Non-controlling interests of the subsidiaries		7,028,243	507,374		
		(168,332,443)	(1,610,038,971)		

The accompanying notes are an integral part of the financial statements.

**Samart Digital Public Company Limited and its subsidiaries**  
**Statement of changes in shareholders' equity**  
**For the year ended 31 December 2019**

(Unit: Baht)

	Consolidated financial statements									
	Equity attributable to owners of the Company									
	Issued and paid-up share capital	Share premium	Surplus on changes in percentage of shareholding in subsidiary	Retained earnings		Other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	controlling Total shareholders' equity	
				Appropriated - statutory reserve	Unappropriated (deficit)	Exchange differences on translation of financial statements in foreign currencies	Deficit on changes in value of available-for-sale investments	Total other components of shareholders' equity		
<b>Balance as at 31 December 2017 - as previously reported</b>	440,025,000	1,230,452,034	569,584	44,400,000	(1,145,278,840)	4,467,802	(115,587,507)	(111,119,705)	459,048,073	550,437,595
Effect from assessed the fair values from acquisition of investment in subsidiary (Note 15.5)	-	-	-	-	(298,703)	-	-	-	(298,703)	(298,703)
<b>Balance as at 31 December 2017 - as restated</b>	440,025,000	1,230,452,034	569,584	44,400,000	(1,145,577,543)	4,467,802	(115,587,507)	(111,119,705)	458,749,370	550,138,892
Profit (loss) for the year	-	-	-	-	(1,596,683,674)	-	-	-	(1,596,683,674)	(1,596,184,742)
Other comprehensive income for the year	-	-	-	-	8,014,116	(4,467,802)	(17,408,985)	(21,876,787)	(13,862,671)	(13,854,229)
Total comprehensive income for the year	-	-	-	-	(1,588,669,558)	(4,467,802)	(17,408,985)	(21,876,787)	(1,610,546,345)	(1,610,038,971)
Increase share capital (Note 25.2)	692,417,322	1,384,834,644	-	-	-	-	-	-	2,077,251,966	2,077,251,966
<b>Balance as at 31 December 2018</b>	1,132,442,322	2,615,286,678	569,584	44,400,000	(2,734,247,101)	-	(132,996,492)	(132,996,492)	925,454,991	1,017,351,887
<b>Balance as at 31 December 2018</b>	1,132,442,322	2,615,286,678	569,584	44,400,000	(2,734,247,101)	-	(132,996,492)	(132,996,492)	925,454,991	1,017,351,887
Profit (loss) for the year	-	-	-	-	(238,390,497)	-	-	-	(238,390,497)	(238,462,474)
Other comprehensive income for the year	-	-	-	-	3,993,319	-	59,036,492	59,036,492	63,029,811	65,130,031
Total comprehensive income for the year	-	-	-	-	-	-	59,036,492	59,036,492	(175,360,686)	(168,332,443)
Changes in shareholding percentage in subsidiaries (Note 15.5)	-	-	(775,953)	-	-	-	-	-	(775,953)	300,000
<b>Balance as at 31 December 2019</b>	1,132,442,322	2,615,286,678	(206,369)	44,400,000	(2,968,644,279)	-	(73,960,000)	(73,960,000)	749,318,352	849,319,444

The accompanying notes are an integral part of the financial statements.

(Unit: Baht)

(Unit: Baht)

(Unit: Baht)



**Samart Digital Public Company Limited and its subsidiaries**

**Statement of cash flows**

**For the year ended 31 December 2019**

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Cash flows from operating activities</b>				
Loss before tax	(244,939,016)	(1,369,973,035)	(243,414,498)	(1,374,428,213)
Adjustments to reconcile loss before tax to net cash provided by (paid from) operating activities:				
Unrealised (gain) loss on exchange	1,171,171	(1,877,672)	1,171,171	(1,877,672)
Loss (gain) on change in value of temporary investments in trading securities	8 417,600	(594,133)	417,600	(594,133)
Reversal of loss on change in value of disposed available-for-sale investment to profit or loss	71,112,607	-	-	-
Loss (gain) on change in fair value of forward exchange contracts	36 308,086	(712,754)	308,086	(712,754)
Write-off trade accounts receivable	-	1,510,196	-	1,510,196
Write-off other receivables	-	131,871,385	-	131,871,385
Increase (decrease) in allowance for doubtful accounts - trade accounts receivable	9 (104,614,532)	666,227,821	(103,500,295)	664,714,283
Increase (decrease) in allowance for diminution in value of other receivables and sales promotion receivables	7,118,332	(19,435,099)	90,043	(19,435,099)
Increase (decrease) in allowance for diminution in value of deposit	(330,826)	13,252,487	(330,826)	13,252,487
Increase (decrease) in reduction cost of inventory to net realisable value	11 (262,840,523)	(16,340,640)	(261,613,422)	13,838,700
Write-off inventories	-	279,152	-	279,152
Write-off withholding tax deducted at sources	12.1 464,338	1,412,277	266	1,401,006
Write-off other current assets	-	10,136,692	-	10,136,692
Decrease in allowance for diminution in value of other current assets	12 -	(7,033,439)	-	(7,033,439)
Share of loss from investments in subsidiaries	15.2 -	-	72,650,325	50,091,942
Gain from the subsidiaries liquidation	28 -	(4,465,018)	-	(4,468,359)
Gain on disposal of equipment	28 (347,075)	(2,716,794)	(297,672)	(809,081)
Decrease in allowance for impairment of equipment	(117,347)	-	(117,347)	-
Transfer equipment to expenses	1,603,018	14,887,733	1,603,018	14,885,208
Depreciation	16 177,517,596	214,254,989	106,811,980	131,874,853
Loss on impairment of equipment	16 -	3,147,648	-	3,147,648
Amortisation of equipment	25 -	-	9	-
Amortisation of intangible assets	18 9,796,410	5,948,757	-	-

The accompanying notes are an integral part of the financial statements.

**Samart Digital Public Company Limited and its subsidiaries**
**Statement of cash flows (continued)**
**For the year ended 31 December 2019**

(Unit: Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
Cash flows from operating activities (continued)					
Amortisation of deferred interests under finance lease agreements		7,922,608	18,385,432	-	
Provision for warranty		-	(73,000)	-	(73,000)
Provision for long-term employee benefits	24	9,862,450	841,452	3,305,152	686,930
Interest income	27	(1,606,172)	(2,801,077)	(14,166,129)	(12,758,611)
Interest expenses	30	204,069,084	194,267,595	207,028,131	197,330,329
Loss from operating activities before changes in operating assets and liabilities		(123,432,166)	(149,599,045)	(230,054,408)	(187,169,550)
Operating assets (increase) decrease					
Trade and other receivables		635,525,407	829,562,062	605,269,891	821,191,944
Inventories		257,784,317	143,333,667	256,692,654	114,013,707
Other current assets		94,297,149	(4,524,096)	54,829,097	(33,040,873)
Other non-current assets		5,533,561	2,182,078	3,688,259	944,172
Operating liabilities increase (decrease)					
Trade and other payables		(19,961,110)	(101,545,824)	59,992,142	(67,493,318)
Other current liabilities		152,711,031	(3,474,559)	156,507,487	(1,756,596)
Other non-current liabilities		(42,578)	(794,099)	-	(235,666)
Cash flows from operating activities		1,002,415,611	715,140,184	906,925,122	646,453,820
Cash paid for acquisition of temporary investment in trading securities	8	-	(100,000)	-	(100,000)
Cash paid for interest expenses		(204,243,167)	(218,892,051)	(202,089,062)	(221,155,280)
Cash paid for income tax		(26,040,016)	(22,995,077)	(4,836,215)	(748,218)
Cash received from withholding tax refundable	12.1	54,411,336	14,308,467	2,845,473	3,989,548
Net cash flows from operating activities		826,543,764	487,461,523	702,845,318	428,439,870
Cash flows from investing activities					
Cash paid to provide short-term loans to related parties	6	-	-	(31,500,000)	(3,500,000)
Cash received from repayment of short-term loans to related parties	6	-	-	-	3,000,000
Cash received for interest income		1,606,172	2,801,077	1,978,779	5,478,783
Decrease (increase) in restricted bank deposits	7	570,279	(898,143)	570,279	(898,143)
Cash outflow from liquidation of investments in subsidiaries		-	(13,541)	-	-
Cash paid for acquisition of equipment		(654,170,013)	(1,007,876,276)	(681,591,082)	(1,005,235,112)
Cash paid for acquisition of intangible assets		(35,651,858)	(376,000)	-	-
Proceeds from disposal of equipment		530,700	3,546,321	429,451	1,529,105
Net cash flows used in investing activities		(687,114,720)	(1,002,816,562)	(710,112,573)	(999,625,367)

The accompanying notes are an integral part of the financial statements.

**Samart Digital Public Company Limited and its subsidiaries**

**Statement of cash flows (continued)**

**For the year ended 31 December 2019**

(Unit: Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
<b>Cash flows from financing activities</b>					
Decrease in bank overdrafts	19	(131,860)	(3,381,535)	-	-
Proceeds from short-term loans from banks	19	74,000,000	100,000,000	-	
Cash paid to settle short-term loans from banks	19	(239,220,000)	(343,915,889)	(150,220,000)	(243,915,889)
Decrease in trust receipts		-	(57,677,276)	-	(57,677,276)
Proceeds from short-term loans from related parties	6	-	46,000,000	-	46,000,000
Repayment of short-term loans from related parties	6	-	(1,356,000,000)	-	(1,359,500,000)
Proceed from long-term loan from financial institution	22	-	243,000,000	-	243,000,000
Cash paid to settle long-term loans from financial institutions	22	(69,149,289)	(288,978)	(69,149,289)	(288,978)
Cash paid to settle liabilities under finance lease agreements		(64,196,042)	(58,193,910)	-	-
Change in shareholding percentage insubsudiaries		(775,953)	-	-	-
Increase in non-controlling interest of the subsidiaries from purchased additional ordinary share of subsidiary		1,075,953	-	-	-
Proceeds from increase in share capital	25.2	-	2,077,251,966	-	2,077,251,966
<b>Net cash flows (use in) financing activities</b>		(298,397,191)	646,794,378	(219,369,289)	704,869,823
<b>Net increase (decrease) in cash and cash equivalents</b>		(158,968,147)	131,439,339	(226,636,544)	133,684,326
Cash and cash equivalents at beginning of year		373,615,974	242,176,635	321,932,295	188,247,969
<b>Cash and cash equivalents at end of year</b>		214,647,827	373,615,974	95,295,751	321,932,295
<b>Supplemental disclosures of cash flows information</b>					
Non-cash items for operating activities					
Transfer provision for long-term employee benefit to other payables	24	-	736,000	-	-
Non-cash items for investing activities					
Increase in accounts payable for purchase of equipment		-	626,087,006	-	626,039,106
Capitalises borrowing cost as cost of equipment		-	3,374,236	-	3,374,236
Transfer equipment to intangible assets		25,414,100	376,000	-	-
Transfer equipment to inventories		99,226,001	-	99,226,001	-
Convert available-for-sale to invesment held-for-sale	14	4,955,566	-	-	-
Non-cash items for financing activities					
Convert short-term loan to long-term loan	22	193,920,000	558,794,111	193,920,000	558,794,111

The accompanying notes are an integral part of the financial statements.

**Samart Digital Public Company Limited and its subsidiaries**
**Notes to consolidated financial statements**
**For the year ended 31 December 2019**
**1. General information**
**1.1 Corporate information**

Samart Digital Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is Samart Corporation Public Company Limited, which was incorporated in Thailand. The Company is principally engaged in the distribution of telecommunications equipment and providing integrated business in digital network and solution. Its registered address is 99/2, Moo 4, Software Park Building, 34th Floor, Chaengwattana Road, Klong Gluar, Pak-kred, Nonthaburi.

**1.2 Fundamental accounting assumptions**

The Group has operating loss for a number of consecutive years and as at 31 December 2019 the Group’s current liabilities exceeded current assets amounted to Baht 1,855 million (The Company only: Baht 2,312 million) and deficit amounted to Baht 2,969 million. The Company has a new business under the expertise and experience of the Company which are awaiting the approval and the major shareholders has still provided the support to the Group. Management therefore believes that the Group will be able to continue as a going concern and will receive approval of the new business. Therefore, the financial statements have been prepared under the going concern basis, in which assets and liabilities are recorded on a basis whereby the Group will be able to realise its assets and meet its obligations in the ordinary course of business.

**2. Basis of preparation**

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

**2.2 Basis of consolidation**

a) The consolidated financial statements include the financial statements of Samart Digital Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

*Subsidiaries directly held by the Company*

Company’s name	Nature of business	Country of incorporation	Percentage of shareholding	
			2019 Percent	2018 Percent
Samart Digital Media Co., Ltd.	Provision content services via audiotext and call center	Thailand	100	100
I-Mobile Plus Co., Ltd.	Provision of wireless telecommunication business	Thailand	100	100
Zecureasia Co., Ltd.	Distributor of mobile phones	Thailand	100	100
Samart Mobile Services Co., Ltd.	Temporarily ceased its business	Thailand	97.4	97.4
SIM2ASSET Co., Ltd.	Real estate agent services	Thailand	100	100
Thai Base Station Co., Ltd.	Provision space rental and other service and distribute telecommunication equipment and systems	Thailand	100	100

*Indirect subsidiaries held by the Company's subsidiaries*

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			2019 Percent	2018 Percent
Investments through Samart Digital Media Co., Ltd.				
I-Sport Co., Ltd.	Provision of information of sports via full option interactive multimedia	Thailand	50	50
Entertainment Tree Co., Ltd. (The Company has control and sets policies for operation and financial management over this company)	Production, sale and provision of all kinds of entertainment-related content through multiple channels	Thailand	61.87	45
Investments through I-Sport Co., Ltd.				
Siam Sport Television Co., Ltd.	Television media, sport license and sport-related business	Thailand	50	50

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Group has been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- g) In recording the acquisition of additional shares of subsidiaries (repurchase of shares from non-controlling interests) when the fair value of the net assets acquired is higher than the cost of the investment the difference has been presented in shareholders' equity under the caption of "Surplus on change in percentage of shareholding in subsidiary".

2.3 The separate financial statements present investments in subsidiaries under the equity method.

### 3 New financial reporting standards

#### (a) Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are summarised below:

#### **TFRS 15 Revenue from Contracts with Customers**

TFRS 15 supersedes the following accounting standards together with related interpretations.

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes

TFRIC 15 (revised 2017) Agreements for the Construction of Real Estate

TFRIC 18 (revised 2017) Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

This standard does not have any significant impact on the Group's financial statements.

**(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020**

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

**Financial reporting standards related to financial instruments**

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Group is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

**TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The Group plans to adopt TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The management of the Group is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

## 4. Significant accounting policies

### 4.1 Revenue recognition

#### *Sales of goods*

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally upon delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns and discounts.

#### *Rendering of services*

Service revenue is recognised at a point in time upon completion of the service or recognised over time when services have been rendered taking into account the stage of completion, measuring based on comparison of actual costs incurred up to the end of the period and total anticipated costs to be incurred to completion.

The obligation to transfer goods or services to a customer for which the Group has received consideration from the customer is presented under the caption of “Unearned revenue” in the statement of financial position. Contract liabilities are recognised as revenue when the Group performs under the contract.

#### *Interest income*

Interest income is recognised on an accrual basis based on the effective interest rate.

### 4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

### 4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

### 4.4 Inventories

Inventories are valued at the lower of average cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Reduce cost of inventories to net realisable value will be set up for old, obsolete, slow moving or deteriorated inventories.

### 4.5 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- c) Investments in subsidiaries are accounted for in the separate financial statements using the equity method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand. If the last bid price of the last working day of the year as quoted



on the Stock Exchange of Thailand is not available, the basis used by the Group to determine the fair value of marketable securities is the amount for which an asset can be exchanged or liability settled between knowledgeable, willing parties in an arm's length transaction.

The weighted average method is used for computation of the cost of investments.

In the event the Group reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending as the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

#### **4.6 Equipment/Depreciation**

Condominium and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of condominium and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Condominium	-	20 years
Network equipment and network improvement	-	5 years
Transmission equipment	-	5 - 10 years
Furniture, fixture and office equipment	-	3 - 10 years
Furniture of sound recording room	-	3 - 10 years
Motor vehicles	-	5 and 7 years

Depreciation is included in determining income.

No depreciation is provided on assets under installation.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

#### **4.7 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### **4.8 Intangible assets**

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Computer software	- 5 years and agreement term
Right for air time	- 5 years
Right for telecommunication tower service	- 10 years and agreement term

#### 4.9 Business combinations and goodwill

Business combinations are accounted for using the acquisition method with the cost of the acquisition being the fair value at the acquisition date of consideration transferred, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest, if any, in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and the services are received.

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in the profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's and its subsidiaries' cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Group estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

#### 4.10 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

#### 4.11 Long-term leases

##### *Finance leases*

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the assets.

##### *Operating leases*

Leases of equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

#### **4.12 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

#### **4.13 Impairment of assets**

At the end of each reporting period, the Group performs impairment reviews in respect of the condominium and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Group also carries out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

#### **4.14 Employee benefits**

##### **Short-term employee benefits**

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

##### **Post-employment benefits**

###### *Defined contribution plans*

The Company, its subsidiaries and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group. The fund's assets are held in a separate trust fund and the Company's and its subsidiaries' contributions are recognised as expenses when incurred.

###### *Defined benefit plans*

The Group has obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Group treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Group recognises restructuring-related costs.

#### **Provision for vacation**

The Group sets up provision for vacation which is calculated in accordance with the Group's policy and formula, taking into consideration the employee's salary, the number of service years and the unused vacation days.

#### **4.15 Provisions**

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **4.16 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

##### **Current income tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

##### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### **4.17 Derivatives**

##### **Forward exchange contracts**

Forward exchange contracts are stated at fair value, which is calculated by reliable financial institutions. Gains or losses arising from changes in the fair value of the contracts are recognised in profit or loss.

#### **4.18 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

## 5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

### 5.1 Revenue from contracts with customers

#### Identification of performance obligations

In identifying performance obligations, the management is required to use judgement regarding whether each promise to deliver goods or services is considered distinct, taking into consideration terms and conditions of the arrangement. In other words, if a good or service is separately identifiable from other promises in the contract and if the customer can benefit from it, it is accounted for separately.

#### Determination of timing of revenue recognition

In determining the timing of revenue recognition, the management is required to use judgement regarding whether performance obligations are satisfied over time or at a point in time, taking into consideration terms and conditions of the arrangement. The Group recognises revenue over time in the following circumstances:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs
- the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point in time, the management is required to determine when the performance obligation under the contract is satisfied.

In calculating the revenue recognised over time, the management is required to use judgement regarding measuring progress towards complete satisfaction of a performance obligation.

### 5.2 Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

### 5.3 Reducing cost to net realisable value of inventories

Determining the reduce cost to net realisable value of inventories requires management to exercise judgement in term of estimating losses on outstanding inventories, based on the selling price expected in the ordinary course of business less the estimated additional costs to be incurred in preparing the inventory for sale; and reduce cost of inventories for obsolete, slow-moving and deteriorated inventories, and taking into account the approximate useful life of each type of inventory and current changes in technology.

#### **5.4 Equipment and depreciation**

In determining depreciation of equipment, the management is required to make estimates of the useful lives and residual values of the equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

#### **5.5 Goodwill and intangible assets**

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

#### **5.6 Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

#### **5.7 Post-employment benefits under defined benefit plans**

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

#### **5.8 Contingent liabilities**

The subsidiaries have contingent liabilities as a result of claims for payment. The management has exercised judgement to assess the situation and believes that no liabilities will result. Therefore, no contingent liabilities are recorded as at the end of reporting period.

#### **5.9 Consolidation of subsidiary is held less than half of shares**

The management of Samart Digital Media Co., Ltd., a subsidiary company, determined that it has control over Entertainment Tree Co., Ltd., even though it held 45% of shares in 2018 and voting rights that was less than half of shares and voting rights. This is because it has the ability to direct the significant activities. As a result, Entertainment Tree Co., Ltd., is deemed to be a subsidiary of Samart Digital Media Co., Ltd. and has to be included in the consolidated financial statements from the date on which Samart Digital Media Co., Ltd. assumed control.

### **6. Related party transactions**

During the years, the Group had significant business transactions with related parties, principally in respect of the purchase and sales of goods, and the provision of services and loans. Such transactions, which were summarised below, were concluded on terms and bases agreed upon between the Company and its related parties. The pricing policies for these related party transactions are summarised as follows:

1. Sales prices are determining at market price, if there is unknown market price, sales price will be determined at cost plus a margin not over 15 percent. However, the pricing policy is subject to change depending on the type of business and market competition at the time being.
2. Rental expenses are charged at the amount stated in the agreement.
3. Management service income is charged at the amount stated in the agreement.

4. Other service income and expenses are charged at a mutually agreed price.
5. Interest on loans to the subsidiary companies are charged at cost of fund plus 0.25 percent per annum.
6. Interest on loans from subsidiary companies are charged at average 12-month fixed deposit rate of the big five commercial banks plus 0.25 percent per annum.
7. Interest on loans from parent company is charged at cost of fund plus 0.25 percent per annum.
8. IT service fees expenses to parent company are charged at the amount stated in the agreement which parent company sets base on cost plus a margin not over five percent.
9. Fixed assets are sold and purchased at their net book value plus a margin, depending on the condition of assets.
10. Guarantee fee is charged between the parties at a rate of 0.3 percent per annum.
11. Directors and management's benefit expenses are charged as approved by the shareholders' meeting or contractually agreed price.

Significant business transactions between the Company and its related parties were summarised below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Transactions with parent company</b>				
Interest expenses	-	11	-	11
IT service fee expense	7	11	1	6
Rental and other expenses	8	29	3	18
<b>Transactions with subsidiary companies</b> (eliminated from the consolidated financial statements)				
Sales	-	-	20	-
Management fee income	-	-	9	9
Interest income	-	-	13	10
Interest expenses	-	-	5	5
<b>Transactions with related companies</b>				
Sales	17	50	17	50
Service income	44	46	-	-
Other income	5	5	5	5
Purchase of goods	-	36	-	36
Purchase of services	3	12	1	-
Purchases of equipment	48	375	44	375
Purchases of intangible assets	1	-	-	-
Rental and other expenses	9	13	5	9
Interest expenses	16	18	-	-



As at 31 December 2019 and 2018, the balances of the accounts between the Company and those related parties were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Trade accounts receivable - related parties (Note 9)</b>				
Parent company	70	-	50	-
Subsidiary companies	-	-	5,409	5,496
Related companies (related by shareholder)	9,856	12,219	6,183	8,061
Total	9,926	12,219	11,642	13,557
Less: Allowance for doubtful accounts (Note 15)	-	-	(5,373)	(5,373)
Total trade accounts receivable - related parties - net	9,926	12,219	6,269	8,184
<b>Amounts due from and advance to related parties (Note 9)</b>				
Parent company	49	-	47	-
Subsidiary companies	-	-	30,550	15,832
Related companies (related by shareholder)	530	434	528	434
Total	579	434	31,125	16,266
Less: Allowance for doubtful accounts (Note 15)	-	-	(19,078)	(11,818)
Total amounts due from and advance to related parties - net	579	434	12,047	4,448
<b>Trade accounts payable - related parties (Note 20)</b>				
Subsidiary companies	-	-	36	-
Related companies (related by shareholder)	2,091	7,964	781	22
Total trade accounts payable - related parties	2,091	7,964	817	22
<b>Amounts due to and advance from related parties (Note 20)</b>				
Parent company	8,940	14,723	6,390	5,041
Subsidiary companies	-	-	6,455	1,305
Related companies (related by shareholder)	274,892	261,033	274,221	260,073
Total amounts due to and advance from related parties	283,832	275,756	287,066	266,419
<b>Accrued expenses - related parties (Note 20)</b>				
Related companies (related by shareholder)	-	817	-	-
Total accrued expenses - related parties	-	817	-	-

#### Short-term loans to related parties and short-term loans from related parties

As at 31 December 2019 and 2018, the balances of short-term loans between the Company and those related parties and the movement were as follows:

(Unit: Thousand Baht)

Short-term loans to related parties (Note 10)	Separate financial statements			
	Balance as at 31 December 2018	During the year		Balance as at 31 December 2019
		Increase	Decrease	
<b>Subsidiary companies</b>				
I-Mobile Plus Co., Ltd.	119,500	-	-	119,500
Zecureasia Co., Ltd.	2,000	-	-	2,000
SIM2ASSET Co., Ltd.	6,500	-	-	6,500
Thai Base Station Co., Ltd.	77,500	31,500	-	109,000
Total	205,500	31,500	-	237,000
Less: Allowance for doubtful accounts (Note 15)	(126,544)			(127,060)
Short-term loans to related parties - net	78,956			109,940

(Unit: Thousand Baht)

Short-term loans to related parties (Note 21)	Separate financial statements			
	Balance as at 31 December 2018	During the year		Balance as at 31 December 2019
		Increase	Decrease	
<b>Subsidiary company</b>				
Samart Mobile Services Co., Ltd.	493,000	-	-	493,000
Total	493,000	-	-	493,000

#### Directors and management's benefits

During the years ended 31 December 2019 and 2018, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Short-term employee benefits	10.4	14.5	10.4	14.5
Post-employment benefits	0.5	0.2	0.2	0.1
Total	10.9	14.7	10.6	14.6

#### Significant agreements with related parties

##### Long-term rental agreements

In September 2018, the Group entered into a two-years sub-office space rental agreements with Samart Corporation Public Co., Ltd., its parent company, for use in their operations. The Group has to pay monthly rental fees approximately Baht 0.08 million (Separate financial statements: Baht 0.04 million).

The commitment under the operating lease agreements with the related party are disclosed in Note 35.1 to the financial statements.

##### Service and management agreements

- In May 2019, the Company and Samart Digital Media Co., Ltd. a subsidiary company, entered into one-year information technology management agreements with Samart Corporation Public Co., Ltd., the parent company. The Group has to pay a monthly service fees totaling approximately Baht 0.5 million (Separate financial statements: Baht 0.1 million).
- In September 2018, the Group entered into the two-years facility service agreements with Samart Corporation Public Co., Ltd., the parent company, under which they have to pay monthly facility service fees at the rates stipulated in the agreements.

#### Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 35.2.2 to the financial statements.

### 7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash	819	838	212	185
Bank deposits	317,424	476,943	198,679	425,912
Total cash and bank deposits	318,243	477,781	198,891	426,097
Less: Restricted bank deposits	(103,595)	(104,165)	(103,595)	(104,165)
Total cash and cash equivalents	214,648	373,616	95,296	321,932

As at 31 December 2019, bank deposits carried interests between 0.05 and 0.75 percent per annum (2018: between 0.05 and 1.00 percent per annum).

### 8. Temporary investments

As at 31 December 2019 and 2018, the Company had temporary investments in trading securities as follows:

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements			
	2019		2018	
	Cost	Fair value	Cost	Fair value
Common stocks/Warrants	42,270	1,401	42,270	1,819
Less: Change in value	(40,869)		(40,451)	
Total temporary investments in trading securities	1,401		1,819	

Movements in the short-term investments in trading securities account during the years ended 31 December 2019 and 2018 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements	
	2019	2018
<b>Balance at beginning of year</b>	1,819	1,125
Purchases during the year		
Cash paid for short-term investment in trading securities - at cost	-	100
Fair value of converted warrants classified as trading securities at conversion date	-	366
Total	-	466
Decrease in warrants due to conversion to trading securities - at fair value:		
At cost	-	(1,955)
Loss on change in value until conversion date	-	1,589
Total	-	(366)
Gain (loss) on change in value	(418)	594
<b>Balance at end of year</b>	1,401	1,819

## 9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Trade accounts receivable - related parties (Note 6)</b>				
<i>Aged on the basis of due dates</i>				
Not yet due	9,864	12,181	6,171	9,926
Past due				
Up to 3 months	-	-	-	22
6 - 12 months	24	-	24	-
Over 12 months	38	38	5,447	3,609
Total	9,926	12,219	11,642	13,557
Less: Allowance for doubtful accounts (Note 15)	-	-	(5,373)	(5,373)
Total trade accounts receivable - related parties - net	9,926	12,219	6,269	8,184
<b>Total trade accounts receivable - unrelated parties</b>				
<i>Aged on the basis of due dates</i>				
Not yet due	80,867	46,989	61,489	4,472
Past due				
Up to 3 months	17,876	10,937	-	4
3 - 6 months	3,488	1	-	1
6 - 12 months	3,874	43	3,413	-
Over 12 months	2,953,461	3,623,740	2,952,014	3,620,973
Total	3,059,566	3,681,710	3,016,916	3,625,450
Less: Allowance for doubtful debts	(2,100,143)	(2,204,758)	(2,098,432)	(2,201,933)
Total trade accounts receivable - unrelated parties, net	959,423	1,476,952	918,484	1,423,517
Total trade accounts receivable - net	969,349	1,489,171	924,753	1,431,701
<b>Other receivables</b>				
Amounts due from and advance to related parties (Note 6)	579	434	31,125	16,266
Accrued service income	14,738	33,281	178	-
Other receivables - unrelated parties	14,692	7,166	2,683	137
Sales promotion receivables	3,331	3,548	3,331	3,548
Total	33,340	44,429	37,317	19,951
Less: Allowance for diminution in value of other receivables and sales promotion receivables	(10,494)	(3,375)	(3,465)	(3,375)
Less: Allowance for doubtful accounts (Note 15)	-	-	(19,078)	(11,818)
Total other receivables - net	22,846	41,054	14,774	4,758
Trade and other receivables - net	992,195	1,530,225	939,527	1,436,459

- a) As at 31 December 2019, the balance of the Group' trade accounts receivable - unrelated parties that have been past due more than 12 months amounted to Baht 2,953 million (2018: Baht 3,624 million), and separate financial statements: Baht 2,952 million (2018: Baht 3,621 million).

During the year 2018, the Group had continually received repayments of approximately Baht 756 million (separate financial statements: Baht 752 million). The Group have re-evaluated the accounts receivable collectability and set aside an additional allowance for doubtful debts of approximately Baht 666 million (separate financial statements: Baht 665 million). As a result, net receivable as at 31 December 2018 was approximately Baht 1,419 million (separate financial statements: Baht 1,419 million).

During the year 2019, the Group had continually received repayments of approximately Baht 666 million (separate financial statements: Baht 665 million). As a result, net receivable as at 31 December 2019 was approximately Baht 853 million (separate financial statements: Baht 853 million).

In addition, during the year 2019, the Group had received repayments from some debtors which had already been set up fully allowance for doubtful debts. The Group reversed allowance for doubtful debts amounted to Baht 106 million (separate financial statements: Baht 104 million) and recognised in income statement for the year ended 31 December 2019.

The Group has evaluated and believed that they will receive repayments from debtors because they have been doing business together for a long time and the customers are trustworthy considering their continuing repayments. The Group has evaluated the accounts receivable collectability and believed that the allowance for doubtful debts, considering the current situation, as at 31 December 2019 was sufficient and appropriate and it would be able to collect the remaining debt after deducting the allowance for doubtful debts. Although the Group has evaluated and exercised its best estimate, there is still uncertainty about the changing situation, which is normal for future events that have not yet occurred.

- b) In addition, in 2019, the Group wrote-off trade accounts receivable and other receivables approximately Baht 1 million (2018: Baht 133 million) and separate financial statements: Baht 1 million (2018: Baht 133 million).

## 10. Short-term loans

(Unit: Thousand Baht)

	Separate financial statements	
	2019	2018
Short-term loans to related parties - subsidiary company (Note 6)	237,000	205,500
Less: Allowance for doubtful accounts (Note 15)	(127,060)	(126,544)
Total short-term loans - net	109,940	78,956

## 11. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2019	2018	2019	2018	2019	2018
Finished goods	144,874	76,373	(40,356)	(76,138)	104,518	235
Supplies	22,978	250,037	(22,978)	(250,037)	-	-
Total	167,852	326,410	(63,334)	(326,175)	104,518	235

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2019	2018	2019	2018	2019	2018
Finished goods	136,272	66,679	(32,125)	(66,679)	104,147	-
Supplies	22,978	250,037	(22,978)	(250,037)	-	-
Total	159,250	316,716	(55,103)	(316,716)	104,147	-

During the current year, the Group reversed the write-down of cost of inventories by Baht 263 million and reduced the amount of inventories recognised as expenses during the year (2018: Baht 16 million) (Separate financial statements: the Company reversed the write-down of cost of inventories by Baht 262 million and reduced the amount of inventories recognised as expenses during the year (2018: reduced cost of inventories by Baht 14 million. This was included in cost of sales)).

## 12. Other current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Advance for purchase of equipments	169,601	201,355	116,176	125,860
Input tax refundable	192,216	167,383	186,297	160,909
Advance for purchase of inventories	112,157	12,607	110,057	10,507
Prepaid expenses	73,898	77,840	1,487	1,760
Withholding tax deducted at sources (Note 12.1)	48,093	79,788	5,585	3,594
Undue input tax	17,125	21,093	1,219	2,110
Advance to employee	3,330	179,837	30	175,212
Others	2,569	4,083	1,898	3,083
Less: Allowance for diminution in value of other current assets	(1,863)	(1,863)	(1,863)	(1,863)
Total other current assets - net	617,126	742,123	420,886	481,172

### 12.1 Withholding tax deducted at sources

The balances of withholding tax deducted at sources as at 31 December 2019 and 2018, aged on years, were summarised below.

(Unit: Thousand Baht)

Year	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
2011	226	226	-	-
2012	356	4,092	-	-
2013	-	3,467	-	-
2014	2,398	9,535	-	-
2015	-	4,998	-	-
2016	-	7,526	-	-
2017	-	28,011	-	2,845
2018	21,933	21,933	749	749
2019	23,180	-	4,836	-
Total	48,093	79,788	5,585	3,594

The Group regards withholding tax deducted at sources as an asset since they have the right to claim for refund of it. However, the net realisable value of withholding tax depends on the exercise right to claim it, and the results of any tax audit by the Revenue officers.

During the year 2019, the Group received the refund of the withholding tax of 2012 - 2017 totaling approximately Baht 54 million and wrote off the withholding tax deducted at sources of 2012 - 2017 amounting to Baht 0.5 million (2018: received the refund of the withholding tax of 2016 totaling approximately Baht 14 million and wrote off the withholding tax deducted at sources of 2016 amounting to Baht 1 million). However, the management has used judgement to assess the outcome of the refund claims and believes that no loss will result. Therefore, no allowance for diminution in value of withholding tax deducted at sources is recorded as at the end of reporting period.

## 13. Restricted bank deposits

These represent fixed deposits pledged with the banks to secure credit facilities.

#### 14. Available-for-sale investments

As at 31 December 2019 and 2018, the Group had available-for-sale investments as follows:

(Unit: Thousand Baht)

Common stock/Warrant	Consolidated financial statements					
	2019			2018		
	No. of shares (Thousand shares)	Cost	Fair value	No. of shares (Thousand shares)	Cost	Fair value
Siam Sport Syndicate Public Co., Ltd.	-	-	-	29,150	76,068	4,373
Seven Utilities and Power Public Co., Ltd.	30,000	107,750	15,300	30,000	107,750	13,200
Total		107,750	15,300		183,818	17,573
Less: Change in value		(92,450)			(166,245)	
Total available-for-sale investments		15,300			17,573	

(Unit: Thousand Baht)

Common stock	Separate financial statements					
	2019			2018		
	No. of shares (Thousand shares)	Cost	Fair value	No. of shares (Thousand shares)	Cost	Fair value
Seven Utilities and Power Public Co., Ltd.	30,000	107,750	15,300	30,000	107,750	13,200
Total		107,750	15,300		107,750	13,200
Less: Change in value		(92,450)			(94,550)	
Total available-for-sale investments		15,300			13,200	

Movements of available-for-sale investments account during the years ended 31 December 2019 and 2018 were summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Net book value at beginning of the year</b>	<b>17,573</b>	<b>39,334</b>	<b>13,200</b>	<b>17,100</b>
Gain (loss) on changes in value	2,683	(21,761)	2,100	(3,900)
Less: Convert to investment held-for-sale				
At cost	(76,068)	-	-	-
Reversal of loss on change in value (Note 29)	71,112	-	-	-
Total	(4,956)	-	-	-
<b>Net book value at end of the year</b>	<b>15,300</b>	<b>17,573</b>	<b>15,300</b>	<b>13,200</b>

On 30 October 2019, an Extraordinary Meeting of the shareholders of Siam Sport Syndicate Plc. passed a resolution to the delisting of the Company's securities from the Stock Exchange of Thailand. The offer price of ordinary shares at Baht 0.17 per share and offer period from 13 December 2019 to 18 February 2020

The subsidiary's management approved to accept a tender offer to purchase all shares of Siam Sport Syndicate Plc.. As at 31 December 2019, the subsidiary company, therefore, has changed investment classification from available-for-sale investments to investments held for sale, and reversed unrealised loss on revaluation of fair value of available-for-sale securities amounting to Baht 71.1 million and recognised as impairment loss of investment in available-for-sale securities amount of Baht 71.1 million in the consolidated statement of comprehensive income for the year ended 31 December 2019.



## 15. Investments in subsidiaries

### 15.1 Details of investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Net book value under equity method	
	2019	2018	2019	2018	2019	2018	2019	2018
Samart Digital Media Co., Ltd.	200,000	200,000	100	100	219,525	219,525	206,874	205,435
I-Mobile Plus Co., Ltd.	100,000	100,000	100	100	100,000	100,000	(171,917)	(165,352)
Samart Mobile Services Co., Ltd.	490,000	490,000	97.4	97.4	43,917	43,917	495,914	491,990
SIM2ASSET Co., Ltd.	2,500	2,500	100	100	2,500	2,500	(5,560)	(5,044)
Zecureasia Co., Ltd.	1,250	1,250	100	100	25	25	(6,910)	(6,706)
Thai Base Station Co., Ltd.	10,000	10,000	100	100	50,000	50,000	31,838	41,667
Net					415,967	415,967	550,239	561,990
Less: Deficit of investment in subsidiary under equity method								
I-Mobile Plus Co., Ltd.							171,917	165,352
SIM2ASSET Co., Ltd.							5,560	5,044
Zecureasia Co., Ltd.							6,910	6,706
Total							184,387	177,102
Investment in subsidiary							734,626	739,092

As at 31 December 2019 and 2018, investments in three subsidiaries have deficit net book value under equity method. The excess losses are therefor adjusted to short-term loans and trade and other receivables and presented as liabilities for investment in subsidiary companies under equity method in the statement of financial position as follows:

(Unit: Million Baht)

	2019	2018
Presented as allowance for doubtful accounts, net from related party transactions (Note 6)		
Trade accounts receivable	5,373	5,373
Other trade accounts receivable	19,078	11,818
Short-term loans	127,060	126
	151,511	143,735
Liabilities for investment in subsidiaries under equity method		
I-Mobile Plus Co., Ltd.	31,654	32,250
Zecureasia Co., Ltd.	1,222	1,117
	32,876	33,367
Total	184,387	177,102

## 15.2 Share of other comprehensive income

During the years, the Company recognises share of profit (loss) from investments in subsidiaries in the separate financial statements as follows:

(Unit: Thousand Baht)

Subsidiary companies	For the year ended 31 December			
	Separate financial statements			
	Share of profit (loss) from investments in subsidiaries		Share of other comprehensive income (loss) from investments in subsidiaries	
	2019	2018	2019	2018
Samart Digital Media Co., Ltd.	(59,579)	(33,615)	61,794	(12,126)
I-Mobile Plus Co., Ltd.	(6,568)	(12,152)	-	(1,885)
Teleconnext Co., Ltd.	-	339	-	-
Samart Mobile Services Co., Ltd.	3,924	4,598	-	-
SIM2ASSET Co., Ltd.	(447)	(2,620)	(69)	69
Zecureasia Co., Ltd.	(203)	(257)	-	-
Thai Base Station Co., Ltd.	(9,777)	(6,385)	(52)	(1)
Total	(72,650)	(50,092)	61,673	(13,943)

## 15.3 Details of investments in subsidiaries that have material non-controlling interests

(Unit: Million Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit/loss allocated to non-controlling interests during the year	
	2019 (Percent)	2018 (Percent)	2019	2018	2019	2018
I-Sport Company Limited and its subsidiaries (Subsidiary companies of Samart Digital Media Co., Ltd.)	50	50	86	81	7	4

#### 15.4 Summarised financial information that based on amounts before inter-company elimination about subsidiaries that have material non-controlling

Summarised information about financial position

(Unit: Million Baht)

	I-Sport Company Limited and its subsidiaries	
	2019	2018
Current assets	176	168
Non-current assets	320	376
Current liabilities	193	170
Non-current liabilities	131	216

Summarised information about comprehensive income

(Unit: Million Baht)

	I-Sport Company Limited and its subsidiaries	
	For the year ended 31 December	
	2019	2018
Revenue	358	341
Profit	9	8
Total comprehensive income	13	8

Summarised information about cash flows

(Unit: Million Baht)

	I-Sport Company Limited and its subsidiaries	
	For the year ended 31 December	
	2019	2018
Cash flows from operating activities	150	66
Cash flows used in investing activities	(2)	-
Cash flows used in financing activities	(77)	(58)
Net increase in cash and cash equivalents	71	8

#### 15.5 Change in investment in subsidiaries held by Samart Digital Media Co., Ltd.

##### *Acquisition of investment*

On 14 February 2019, the meeting of Board of Directors of Samart Digital Media Co., Ltd., a subsidiary company, passed a resolution approving an acquisition of increased share capital of Entertainment Tree Co., Ltd., a subsidiary company, in proportion to shareholding, and an acquisition of the shares remaining after the share allocation in total of 270,000 shares of Baht 10 per share. The subsidiary fully paid for the share subscription decreased on 20 February 2019.

As a result of the acquisition of increased share capital, the percentage of shareholding of Samart Digital Media Co., Ltd. in Entertainment Tree Co., Ltd. increased from 44.99% to 61.87% and surplus on changes in percentage of shareholding in subsidiary decreased of Baht 0.78 million.

#### *Addition registered share capital*

On 18 February 2019, the Extraordinary General Meeting of Entertainment Tree Co., Ltd., a subsidiary company, passed a special resolution approving the increase in the registered share capital from Baht 5 million (500,000 ordinary shares of Baht 10 each) to Baht 8 million (800,000 ordinary shares of Baht 10 each) through the issuance of 300,000 additional ordinary shares at par value of Baht 10 each. The subsidiary company registered share capital increased with the Ministry of Commerce on 25 February 2019.

#### **15.6 The plan to list I-Sport Co., Ltd. on the Market for Alternative Investment (MAI)**

On 29 July 2015, the Extraordinary General Meeting of shareholders of I-Sport Co., Ltd., a subsidiary company, passed a resolution to approve the plan to list it on the Market for Alternative Investment (MAI) with the following details.

1. To transform the company into a public limited company for the issuance and the initial public offering (IPO) of its shares and to list on the MAI Stock Exchange.
2. To increase the registered share capital from Baht 120 million (12 million ordinary shares of Baht 10 each) to Baht 160 million (16 million ordinary shares of Baht 10 each) through an issuance of additional 4 million ordinary shares of Baht 10 each to offer 3 million shares to the initial public offering (IPO) and offer 1 million shares to the existing shareholders which are the Company and Siam Sport Syndicate Public Co., Ltd. In addition, Siam Sport Syndicate Public Co., Ltd. intends to offer 1 million shares to the initial public offering (IPO).
3. To change the par value of ordinary shares from Baht 10 per share to Baht 0.25 per share. However, the changing of the par value does not affect to the portion of the issuance of its shares.

As at 31 December 2019, the subsidiary company has not yet proceeded the above matters.

#### **15.7 Change in subsidiary company's name**

On 15 February 2018, an Extraordinary Meeting of Samart Multimedia Co., Ltd., a subsidiary company, passed a special resolution approving the change of the subsidiary's name from "Samart Multimedia Co., Ltd." to "Samart Digital Media Co., Ltd.". The subsidiary registered the change of its name with the Ministry of Commerce on 20 February 2018.

#### **15.8 Dissolution of subsidiary companies**

- a) On 11 October 2006, an Extraordinary Meeting of the shareholders of I-Mobile (Cambodia) Co., Ltd., a subsidiary company, passed a resolution to liquidate the company. The process of registering that company's dissolution and its subsequent liquidation are in progress.
- b) On 1 December 2017, an Extraordinary Meeting of the shareholders of Teleconnex Co., Ltd., a subsidiary company, passed a resolution to dissolve the company. The subsidiary company registered its dissolution on 13 December 2017 and its liquidation was registered with the Company Registry in Hong Kong on 8 August 2018.
- c) On 30 April 2018, an Annual General Meeting of the shareholders of I-Sport Media Co., Ltd., a subsidiary company, passed a resolution to dissolve the company. The subsidiary company registered its dissolution on 9 May 2018 and its liquidation was registered with the Ministry of Commerce on 12 June 2018.

## 16. Equipment

(Unit: Thousand Baht)

	Consolidated financial statements									
	Condominium	Network equipment and network improvement	Transmission Equipment	Project equipment	Furniture, fixture and office equipment	Furniture of sound recording room	Motor vehicles	Equipment for rent	Assets under installation	Total
<b>Cost</b>										
31 December 2017	11,512	552,242	412,520	-	1,191,127	47,101	67,100	54,576	354,582	2,690,760
Additions/Transfer in	-	1,236	-	-	1,087	-	-	104	1,634,911	1,637,338
Disposals/Transfer out	-	(281)	(9)	-	(213,294)	(84)	(9,927)	(8,455)	(376)	(232,426)
31 December 2018	11,512	553,197	412,511	-	978,920	47,017	57,173	46,225	1,989,117	4,095,672
Additions/Transfer in	-	418	2,457	80,706	715	-	-	-	368,288	452,584
Disposals/Transfer out	-	(568)	-	-	(14,508)	(523)	(565)	-	(208,897)	(225,061)
31 December 2019	11,512	553,047	414,968	80,706	965,127	46,494	56,608	46,225	2,148,508	4,323,195
<b>Accumulated depreciation</b>										
31 December 2017	4,435	490,941	96,921	-	805,324	30,468	46,174	54,576	-	1,528,839
Depreciation for the year	571	25,415	43,417	-	132,828	3,258	8,741	25	-	214,255
Accumulated depreciation of assets disposed and transferred out	-	(280)	(5)	-	(197,584)	(84)	(9,924)	(8,455)	-	(216,332)
31 December 2018	5,006	516,076	140,333	-	740,568	33,642	44,991	46,146	-	1,526,762
Depreciation for the year	572	18,913	43,716	12,227	95,359	2,738	3,950	43	-	177,518
Accumulated depreciation of assets disposed and transferred out	-	(562)	-	-	(13,202)	(504)	(565)	-	-	(14,833)
31 December 2019	5,578	534,427	184,049	12,227	822,725	35,876	48,376	46,189	-	1,689,447

(Unit: Thousand Baht)

	Consolidated financial statements									
	Condominium	Network equipment and network improvement	Transmission Equipment	Project equipment	Furniture, fixture and office equipment	Furniture of sound recording room	Motor vehicles	Equipment for rent	Assets under installation	Total
<b>Allowance for impairment loss</b>										
31 December 2017	-	191	-	-	8,059	-	-	-	-	8,250
Reversal of allowance for impairment from write-off	-	-	-	-	(7,963)	-	-	-	-	(7,963)
Increase in allowance for impairment loss	-	-	-	-	8,975	-	-	-	2,135	11,110
31 December 2018	-	191	-	-	9,071	-	-	-	2,135	11,397
Reversal of allowance for impairment from write-off	-	-	-	-	(1,265)	-	-	-	-	(1,265)
31 December 2019	-	191	-	-	7,806	-	-	-	2,135	10,132
<b>Net book value</b>										
31 December 2018	6,506	36,930	272,178	-	229,281	13,375	12,182	79	1,986,982	2,557,513
31 December 2019	5,934	18,429	230,919	68,479	134,596	10,618	8,232	36	2,146,373	2,623,616
<b>Depreciation for the year</b>										
2018 (Baht 75 million included in cost of services, and the balance in selling and distribution expenses and administrative expenses)										214,255
2019 (Baht 79 million included in cost of services, and the balance in selling and distribution expenses and administrative expenses)										177,518

	Separate financial statements					
	Condominium	Project Equipment	Furniture, fixture and office equipment	Motor vehicles	Assets under installation	Total
<b>Cost</b>						
31 December 2017	11,512	-	1,070,249	25,293	358,463	1,465,517
Additions/Transfer in	-	-	114	-	1,634,535	1,634,649
Disposals/Transfer out	-	-	(210,534)	(4,189)	-	(214,723)
31 December 2018	11,512	-	859,829	21,104	1,992,998	2,885,443
Additions/Transfer in	-	80,706	400	-	337,723	418,829
Disposals/Transfer out	-	-	(7,599)	(565)	(181,933)	(190,097)
31 December 2019	11,512	80,706	852,630	20,539	2,148,788	3,114,175
<b>Accumulated depreciation</b>						
31 December 2017	4,434	-	705,928	20,581	-	730,943
Depreciation for the year	572	-	128,936	2,367	-	131,875
Accumulated depreciation of assets disposed and transferred out	-	-	(194,929)	(4,189)	-	(199,118)
31 December 2018	5,006	-	639,935	18,759	-	663,700
Depreciation for the year	572	12,227	92,434	1,579	-	106,812
Accumulated depreciation of assets disposed and transferred out	-	-	(6,320)	(565)	-	(6,885)
31 December 2019	5,578	12,227	726,049	19,773	-	763,627
<b>Allowance for impairment loss</b>						
31 December 2017	-	-	7,963	-	-	7,963
Reversal allowance for impairment from write-off	-	-	(7,963)	-	-	(7,963)
Increase in allowance for impairment loss	-	-	8,975	-	2,135	11,110
31 December 2018	-	-	8,975	-	2,135	11,110
Reversal allowance for impairment from write-off	-	-	(1,265)	-	-	(1,265)
31 December 2019	-	-	7,710	-	2,135	9,845
<b>Net book value</b>						
31 December 2018	6,506	-	210,919	2,345	1,990,863	2,210,633
31 December 2019	5,934	68,479	118,871	766	2,146,653	2,340,703
<b>Depreciation for the year</b>						
2018 (All depreciation included in selling and distribution expenses and administrative expenses)						131,875
2019 (All depreciation included in selling and distribution expenses and administrative expenses)						106,812

- As at 31 December 2019, the subsidiary companies had equipment and vehicles under finance lease agreements with net book values of Baht 217 million (2018: Baht 250 million).
- As at 31 December 2019, certain equipment items of the Group companies were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 1,192 million and separate financial statements: Baht 477 million (2018: Baht 930 million and separate financial statements: Baht 251 million).
- As at 31 December 2019, the Company had an outstanding balance of new assets under installation for Digital Trunked Radio System (DTRS) project amounting to Baht 2,147 million (2018: Baht 1,991 million). The construction has been financed with a loan from the parent company. Borrowing costs amounting to Baht 3.37 million were capitalised during the year ended 31 December 2018. The weighted average rate of 2.71% to 2.81% (2019: nil) has been used to determine the amount of borrowing costs eligible for capitalisation.

- d) As at 31 December 2019, the Group had allowance for impairment loss of equipment amounting to Baht 10 million and separate financial statements amounting to Baht 10 million for unused and damaged equipment (2018: Baht 11 million and separate financial statements: Baht 11 million).

## 17. Goodwill

Goodwill mainly relates to the purchase of shares of Siam Sport Television Co., Ltd. by I-Sport Co., Ltd., a subsidiary company.

The subsidiary company determined the recoverable amounts of the cash generating units (CGUs) based on value in use, using cash flow projections covering a five-year period prepared with reference to financial budgets approved by the management.

Key assumptions used in value in the value in use calculations are as follows:

(Unit: Percent per annum)

	2019	2018
Terminal growth rate	3.0	3.0
Discount rate	7.0	9.4

The management determined the growth rate based on historical operating results, the expected market growth rate, the rate of gross domestic product growth and the discount rate which is a pre-tax rates that reflects the specific risk of the particular operating segment.

After consideration, as at 31 December 2019 and 2018 management believed that goodwill is not impaired.

## 18. Intangible assets

(Unit: Thousand Baht)

	Consolidated financial statements			
	Computer software	Right for air time	Right for telecommunication tower service	Total
<b>Cost</b>				
31 December 2017	100,510	3,191	42,665	146,366
Additions / transfer in	752	-	-	752
31 December 2018	101,262	3,191	42,665	147,118
Additions / transfer in	1,815	-	66,827	68,642
31 December 2019	103,077	3,191	109,492	215,760
<b>Accumulated amortization</b>				
31 December 2017	96,015	1,914	374	98,303
Amortisation for the year	830	638	4,480	5,948
31 December 2018	96,845	2,552	4,854	104,251
Amortisation for the year	1,053	639	8,104	9,796
31 December 2019	97,898	3,191	12,958	114,047
<b>Net book value</b>				
31 December 2018	4,417	639	37,811	42,867
31 December 2019	5,179	-	96,534	101,713



*Right for air time*

On 26 December 2014, I-Sport Co., Ltd., a subsidiary company, purchased shares of Siam Sport Television Co., Ltd. (a subsidiary company) with mutually agreed price. As a result of the purchase of investment under the acquisition method, the subsidiary company recorded the right for air time of sport program as intangible assets with five years useful lives.

*Right for telecommunication tower service*

On 1 September 2017, the Company purchased shares of Thai Base Station Co., Ltd. (a subsidiary company) with mutually agreed price. As a result of the purchase of investment under the acquisition method, the Company recorded the right for telecommunication tower service as intangible assets with ten years useful lives.

During the year 2019, Thai Base Station Co., Ltd. (a subsidiary company) has transferred telecommunication tower to Department of National Parks, Wildlife and Plant Conservation. As a result, the Company recorded the right for telecommunication tower service as intangible assets with agreement term useful lives.

## 19. Bank overdrafts and short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (percent per annum)		Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018	2019	2018
Bank overdrafts	MOR	MOR	-	132	-	-
Short-term loans from banks	MMR	MMR	2,290,040	2,649,180	2,255,040	2,599,180
Total			2,290,040	2,649,312	2,255,040	2,599,180

Movement in the short-term loans accounts during the years ended 31 December 2019 and 2018 were summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Balance at beginning the year	2,649,180	3,451,890	2,599,180	3,401,890
Add: Addition	74,000	100,000	-	-
Less: Covert to long-term loan (Note 22)	(193,920)	(558,794)	(193,920)	(558,794)
Less: Repayments	(239,220)	(343,916)	(150,220)	(243,916)
Balance at end of the year	2,290,040	2,649,180	2,255,040	2,599,180

Bank overdrafts of subsidiary companies are secured by the Company. Short-term loans from banks are secured by the pledge of some bank deposits and short-term loans from banks of I-Sport Co., Ltd., a subsidiary company, secured by the Company and Siam Sport Syndicate Public Co., Ltd. (another shareholder).

In addition, short-term loan agreements with banks of the Group contain certain conditions as specified in the agreements that require the Group to comply.

On 22 June 2018, the Company had entered into a memorandum of amendment of loan agreement with a commercial bank in order to revise term of payment of short-term loan of Baht 359 million to the new maturity within 30 December 2024 (as mentioned in Note 22).

On 21 December 2018, the Company had entered into a loan agreement with a commercial bank in order to revise term of repayment of short-term loan of Baht 200 million to the new maturity within 30 December 2024 (as mentioned in Note 22).

On 25 September 2019, the Company entered into a debt restructuring agreement with an asset management company that received the transfer of accounts receivable factoring and repayment from a commercial bank in order to amend the terms of repayment of short-term loan of Baht 194 million to the new maturity within the end of December 2024 (as mentioned in Note 22).

## 20. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Trade accounts payable</b>				
Trade accounts payable - related parties (Note 6)	2,091	7,964	817	22
Trade accounts payable - unrelated parties	75,551	11,466	59,551	72
Total trade accounts payable	77,642	19,430	60,368	94
<b>Other payables</b>				
Amount due to and advance from related parties (Note 6)	283,832	275,756	287,066	266,419
Other payables - unrelated parties	240,080	608,451	92,011	457,969
Accrued expenses - related parties (Note 6)	-	817	-	-
Other accrued expenses	746	920	746	920
Total other payables	524,658	885,944	379,823	725,308
Total trade and other payables	602,300	905,374	440,191	725,402

## 21. Short-term loans

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Short-term loans from related parties (Note 6)	-	-	493,000	493,000
Short-term loan from unrelated parties	22,140	22,140	-	-
Total short-term loans	22,140	22,140	493,000	493,000

### *Short-term loan from unrelated parties*

Short-term loans as at 31 December 2019 amount to Baht 22.1 million (2018: Baht 22.1 million) are loans from Siam Sport Syndicate Public Co., Ltd., carrying interest at the average 12-month fixed deposit rate of the big five commercial banks plus 0.50 percent per annum.

## 22. Long-term loans from financial institutions

(Unit: Thousand Baht)

No.	Credit facilities	Significant terms and conditions of loan agreements		Consolidated financial statements/ financial statements/ Separate financial statements		
		Repayment schedule	Interest rate			
The Company			(Percent per annum)			
	1.	493,000	Repayment of the first installment in March 2018, with quarterly payment of principal and monthly payment of interest to be completed within the 28th installment. (i.e. within December 2024) <ul style="list-style-type: none"><li>- Installment 1 - 4 : Baht 0.05 million each</li><li>- Installment 5 - 8 : Baht 7.4 million each</li><li>- Installment 9 - 12 : Baht 19.7 million each</li><li>- Installment 13 - 16 : Baht 22.2 million each</li><li>- Installment 17 - 27 : Baht 24.7 million each</li><li>- Installment 28 : payment of the remaining principal and interest</li></ul>	MLR minus Fixed rate per annum (2018: MLR minus Fixed rate per annum)	463,223	492,803
	2.	358,854	Repayment on a quarterly basis within 30 December 2024 <ul style="list-style-type: none"><li>- Year 2018 : quarterly installments of Baht 0.04 million</li><li>- Year 2019 : quarterly installments of Baht 5.4 million</li><li>- Year 2020 : quarterly installments of Baht 14.3 million</li><li>- Year 2021 : quarterly installments of Baht 16.2 million</li><li>- Year 2022 - 2024 : quarterly installments of Baht 17.9 million</li></ul>	MLR minus Fixed rate per annum (2018: MLR minus Fixed rate per annum)	337,213	358,782
	3.	199,940	Repayment on a quarterly basis within the 25th installment within 30 December 2024 <ul style="list-style-type: none"><li>- Installment 1 : Baht 0.02 million each</li><li>- Installment 2 - 5 : Baht 3 million each</li><li>- Installment 6 - 9 : Baht 7.98 million each</li><li>- Installment 10 - 13 : Baht 9 million each</li><li>- Installment 14 - 25 : Baht 10 million each</li></ul>	MLR minus Fixed rate per annum (2018: MLR minus Fixed rate per annum)	187,920	199,920

(Unit: Thousand Baht)

No.	Credit facilities	Significant terms and conditions of loan agreements		Consolidated financial statements/ Separate financial statements	
		Repayment schedule	Interest rate (Percent per annum)	2019	2018
4.	193,920	Repayment on a quarterly basis within the 22nd installment within 30 December 2024 - Installment 1 - 2 : Baht 3 million each - Installment 3 - 6 : Baht 7.98 million each - Installment 7 - 10 : Baht 9 million each - Installment 11 - 22 : Baht 10 million each	- Fixed rate per annum for the first 12 months - Average MLR of 4 major banks minus fixed rate per annum	187,920	-
Total long-term loans from financial institutions				1,176,276	1,051,505
Less: Current portion				(635,736)	(588,282)
Long-term loans from financial institutions - net of current portion				540,540	463,223

Movements in the long-term loans account during the years ended 31 December 2019 and 2018 were summarised below.

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	2019	2018
Balance at beginning of the year	1,051,505	250,000
Add: Addition	-	243,000
Add: Convert from short-term loan (Note 19)	193,920	558,794
Less: Repayments	(69,149)	(289)
Balance at end of the year	1,176,276	1,051,505

On 26 January 2018, the Company had entered into a supplemental agreement to increase loan facility with a commercial bank of Baht 243 million in order to make repayment for short-term loans from bank.

Under the Company's loan agreement, the Company must comply with the conditions stipulated in the agreement, such as maintaining the percentage shareholdings of Samart Corporation Public Co., Ltd., the parent company, in the Group, and maintaining of certain financial ratios.

Based on the financial statements, as at 31 December 2019 the Company was unable to maintain certain financial ratios as stipulated in the loan agreements with the aforementioned banks. Therefore, the loan of Baht 525 million is payable on demand. The Company classifies this loan as current portion.

## 23. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	2019	2018
Liabilities under finance lease agreements	215,635	271,389
Less: Deferred interest expenses	(18,375)	(26,297)
Total	197,260	245,092
Less: Portion due within one year	(74,448)	(37,185)
Liabilities under finance lease agreements - net of current portion	122,812	207,907

The subsidiary companies have entered into the finance lease agreements with related company and leasing companies for rental of motor vehicles with transmission tools and equipment and media asset management system for use in their operations, whereby the finance lease agreements carried interests between 7.26 and 7.50 percent per annum and they are committed to pay rental on a monthly basis. The terms of the agreements are generally between 3 and 5 years.

On 16 September 2019, Siam Sport Television Co., Ltd., the subsidiary company entered into a memorandum of amendment to finance lease agreement with the related company, in order to extend the payment period of rental under the finance lease agreement by 2 years.

The finance lease agreement with related company was guaranteed by I-Sport Co., Ltd. a parent company of such subsidiary company as described in Note 35.2.2 to the financial statements.

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	Less than 1 year		1 - 5 years		Total	
	2019	2018	2019	2018	2019	2018
Future minimum lease payments	85,858	53,095	129,777	218,294	215,635	271,389
Deferred interest expenses	(11,410)	(15,910)	(6,965)	(10,387)	(18,375)	(26,297)
Present value of future minimum lease payments	74,448	37,185	122,812	207,907	197,260	245,092

## 24. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Provision for long-term employee benefits at beginning of year</b>	23,900	33,082	8,844	17,742
Included in profit or loss:				
Current service cost	1,680	2,409	560	1,122
Interest cost	616	801	204	406
Employee transferral	(55)	(1,633)	71	(841)
Included in other comprehensive income:				
Actuarial (gain) loss arising from:				
Demographic assumptions changes	(1,708)	-	39	-
Financial assumptions changes	1,636	(1,330)	635	(272)
Experience adjustments	(7,549)	(11,050)	(270)	(9,313)
Reversal of actuarial gain on defined benefit plan from the employee transferral	-	2,357	-	-
Past service cost	7,621	-	2,470	-
Benefits paid during the year	-	(736)	-	-
<b>Provision for long-term employee benefits at end of year</b>	26,141	23,900	12,553	8,844

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Group has additional long-term employee benefit liabilities of Baht 7.6 million (Separate financial statements: Baht 2.5 million) as a result. The Group already reflected the effect of the change by recognising past service costs as expenses in the income statements of the current year.

The Group expects to pay Baht 3.2 million of long-term employee benefits during the next year (Separate financial statements: Baht 3.2 million) (2018: Baht 0.6 million and Separate financial statements: nil).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 8 - 22 years (Separate financial statements: 8 years) (2018: 9 - 27 years and separate financial statements: 9 years).

Significant actuarial assumptions are summarised below.

(Unit: Percent per annum)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Discount rate	1.4 - 2.1	2.3 - 3.5	1.4	2.3
Salary increase rate	2.0 - 6.0	2.5 - 6.3	3.5 - 6.0	3.5 - 6.3
Turnover rate	0 - 29	0 - 28	2 - 24	2 - 27

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2019 and 2018 are summarised below.

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	Liability increase (decrease)				Liability increase (decrease)			
	Increase 1%		Decrease 1%		Increase 1%		Decrease 1%	
	2019	2018	2019	2018	2019	2018	2019	2018
Discount rate	(1.9)	(2.2)	2.1	2.6	(0.7)	(0.6)	0.8	0.6
Salary increase rate	2.1	2.5	(1.9)	(2.2)	0.8	0.6	(0.7)	(0.6)
	Increase 20%		Decrease 20%		Increase 20%		Decrease 20%	
	2019	2018	2019	2018	2019	2018	2019	2018
	2019	2018	2019	2018	2019	2018	2019	2018
Turnover rate	(2.0)	(2.2)	2.2	2.7	(0.7)	(0.5)	0.7	0.6

## 25. Share capital and warrant

### 25.1 Registered share capital

On 27 April 2018, an Annual General Meeting of the Company's shareholders passed a resolution approving the cancellation of the relevant existing resolution of the Extraordinary General Meeting of the Company' shareholders No. 1/2017 on 27 September 2017 relating to the registered share capital increase and approved the reduction and the increase in the Company's registered share capital as follows:

	Number of shares (shares)	Amount (Baht)	Registration date with the Ministry of Commerce
Balance as at 31 December 2017	9,900,562,500	990,056,250	17 May 2018
Decrease in registered share capital	(5,500,312,500)	(550,031,250)	
	4,400,250,000	440,025,000	
Increase in registered share capital	11,000,625,000	1,100,062,500	18 May 2018
Balance as at 31 December 2018	15,400,875,000	1,540,087,500	

In addition, the meeting approved the allocation of not more than 8,800,500,000 newly-issued ordinary shares, at the par value of Baht 0.1 per share, for the purpose of offering for sale to the existing shareholders of the Company in proportionate to their respective shareholdings (Rights offering), at the allocation ratio of 1 existing ordinary share to 2 newly-issued ordinary shares, at Baht 0.3 per share.

## 25.2 Issued and fully paid-up capital

	Number of shares (shares)	Amount (Baht)	Shares premium (Baht)	Registration date with the Ministry of Commerce
Balance as at 31 December 2017	4,400,250,000	440,025,000	1,230,452,034	4 June 2018
Increase from share offering to existing shareholders	6,924,173,218	692,417,322	1,384,834,644	
Balance as at 31 December 2018	11,324,423,218	1,132,442,322	2,615,286,678	

## 25.3 Warrants

Such Annual General Meeting of the Company's shareholders passed a resolution to issue warrants no. 1 (SDC-W1) up to 2,200,125,000 units of warrants to the existing shareholders of the Company who subscribe to and are allocated newly issued shares by offering to them in proportion to their shareholdings (rights offering) at the ratio of 4 newly issued shares to 1 warrant, without any cost. The exercise ratio is 1 warrant : 1 share, with an exercise price of Baht 0.5 per 1 ordinary share. The warrants have a life of 5 years and are exercisable on the last business day of the June and December of each year throughout the life of the warrants, commencing from 28 December 2018.

Warrants	Exercise price (Baht per unit)	Exercise ratio (Warrants: ordinary shares)	Warrants issued (Thousand units)	Exercised or cancelled (units)	Warrants as at 31 December 2019 (Thousand units)
SDC-W1	0.50	1:1	2,200,125	-	2,200,125

## 26. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.



## 27. Other income

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Reversal of reserve for doubtful accounts	97,496	-	103,410	-
Advertising and management fee income	-	-	8,880	9,480
Selling support income	142	1,820	142	1,820
Interest income	1,606	2,801	14,166	12,759
Gain on sales of equipment	347	2,717	298	809
Gain on liquidation of subsidiaries	-	4,465	-	4,468
Gain on exchange	5,476	1,213	5,476	1,203
Others	18,047	13,884	9,470	10,638
Total other income	123,114	26,900	141,842	41,177

## 28. Expenses by nature

Significant expenses classified by nature were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cost of goods sold	128,716	252,711	159,920	255,451
Reserve for doubtful accounts	-	653,012	-	651,498
Salaries and wages and other employee benefits	169,246	232,544	33,545	77,608
Depreciation and amortisation	187,314	220,203	106,812	131,875
Transmission equipment rental expenses	28,674	20,825	-	-
Cost of lease line	33,734	29,479	-	-
Rental expenses from operating lease agreements	18,649	57,911	7,632	37,520
Changes in inventories	(104,282)	127,272	(104,147)	128,946
Purchase finished goods for sales	119,614	157,815	107,067	157,736
Marketing expenses	17,763	19,122	(69)	1,782
Loss on change in value of investment held-for-sale	71,112	-	-	-

## 29. Other expenses

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Reserve for doubtful accounts	-	653,012	-	651,498
Loss on changes in value of investment held-for-sale (Note 14)	71,112	-	-	-
Write-off bad debts	-	143,518	-	143,518
Allowance for impairment loss	-	3,147	-	3,147
Write-off equipment	-	14,885	-	14,885
Others	418	3	418	3
Total other expenses	71,530	814,565	418	813,051

### 30. Finance cost

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Interest expenses on:				
Bank loans, overdrafts and trust receipts	204,069	183,484	201,915	181,311
Loans from related parties	-	10,783	5,113	16,019
Liabilities under finance lease agreements and others	15,813	18,386	-	-
Total interest expenses	219,882	212,653	207,028	197,330
Bank charges	2,069	8,868	1,803	8,385
Total finance cost	221,951	221,521	208,831	205,715

### 31. Income tax

Income tax income for the years ended 31 December 2019 and 2018 were made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Current income tax</b>				
Current income tax charge	2,812	1,126	-	-
<b>Deferred tax</b>				
Relating to origination and reversal of temporary differences	(14,289)	225,086	(5,024)	222,255
<b>Income tax (income) expenses reported in profit or loss</b>	<b>(11,477)</b>	<b>226,212</b>	<b>(5,024)</b>	<b>222,255</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Deferred tax relating to loss on changes in value of available-for-sale investments	14,759	(4,352)	14,759	(4,352)
Deferred tax relating to actuarial loss	1,528	2,001	1,003	1,998
<b>Income tax charged to other comprehensive income</b>	<b>16,287</b>	<b>(2,351)</b>	<b>15,762</b>	<b>(2,354)</b>

The reconciliation between accounting loss and income tax (income) expenses was shown below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Accounting loss before tax	(244,939)	(1,369,973)	(243,414)	(1,374,431)
Applicable tax rate	15% and 20%	15% and 20%	20%	20%
Accounting loss before tax multiplied by income tax rate	(48,966)	(273,907)	(48,683)	(274,886)
Share of loss from investment in subsidiaries	-	-	14,530	10,018
Reversal of share of gain loss from liquidation subsidiaries	-	(10,828)	-	(10,828)
Effects of:				
Utilisation of tax loss carry forward	(2,318)	-	-	-
Non-deductible expenses	3,308	2,203	640	1,134
Non-deductible taxable income	(20,856)	-	(20,856)	-
Additional expenses deductions allowed	(1,027)	-	(1,024)	-
Write-off of deferred tax assets	1,902	38,583	-	27,385
Others	(324)	578	(165)	46
Total	(19,315)	41,364	(21,405)	28,565
Deferred tax assets not recognised	52,672	469,583	50,407	469,386
Reversal of deferred tax asset	4,132	-	127	-
Income tax income reported in the income statement	(11,477)	226,212	(5,024)	(447,487)

The components of deferred tax assets and deferred tax liabilities were as follows:

(Unit: Thousand Baht)

	Statement of financial position			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Deferred tax assets</b>				
Allowance for diminution in value of investment held-for-sale	14,223	-	-	-
Allowance for doubtful accounts	283	565	-	-
Allowance for diminution in value of inventories	12,562	65,130	11,021	63,343
Allowance for asset impairment	1,969	2,222	1,969	2,222
Loss on change in value of temporary investments	8,174	8,090	8,174	8,090
Loss on changes in value of available-for-sale investments	18,490	33,249	18,490	18,910
Provision for long-term employee benefits	5,228	4,780	2,511	1,769
Unused tax loss	419,991	372,031	404,227	347,464
Finance lease agreements	5,425	3,361	-	-
Others	68	106	37	44
Total	486,413	489,534	446,429	441,842
<b>Deferred tax liabilities</b>				
Valuation of intangible assets	(6,666)	(7,562)	-	-
Others	(30)	(256)	(30)	(128)
Total	(6,696)	(7,818)	(30)	(128)
<b>Deferred tax, net</b>	<b>479,717</b>	<b>481,716</b>	<b>446,399</b>	<b>441,714</b>

Deferred tax assets and liabilities in statement of financial position were as follows:

(Unit: Thousand Baht)

	Statement of financial position			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Deferred tax assets	479,717	481,716	446,399	441,714
Deferred tax, net	479,717	481,716	446,399	441,714

As at 31 December 2019, the Group have Baht 420 million (The Company only: Baht 404 million) (2018: Baht 372 million (The Company only: Baht 347 million)) deferred tax assets in relation to tax loss carried forward deductible against future profit in tax calculation if the Group have sufficient profit.

The Company has a new business under the expertise and experience of the Company which are awaiting the approval during the year of 2020 and it is able to commence business operations immediately thereafter. The Company expects to gain sufficient profit to utilize tax loss carried forward. It therefore believes that it will benefit from the recorded deferred tax assets and a provision for impairment is not necessary, considering the current situation. Although the Company has evaluated and exercised its best estimate, there is still uncertainty about the changing situation, which is normal for future events that have not yet occurred.

As at 31 December 2019, the Group companies have deductible temporary differences Baht 2,127 million and separate financial statements: Baht 2,119 million (2018: Baht 2,224 million and separate financial statements: Baht 2,224 million) and unused tax losses which will expire in 2020 - 2024 totaling Baht 619 million and separate financial statements: Baht 390 million (2018: Baht 360 million and separate financial statements: Baht 137 million), on which deferred tax assets have not been recognised as the Group companies believe that the future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

### 32. Basic earnings (loss) per share

Basic loss per share is calculated by dividing loss for the period attributable to equity holders of the Company (excluding other comprehensive income (loss)) by the weighted average number of ordinary shares in issue during the period.

Diluted loss per share is calculated by dividing loss for the period attributable to equity holders of the Company (excluding other comprehensive income) by the total sum of the weighted average number of ordinary shares in issue during the period plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the period or on the date the potential ordinary shares were issued according to the portion of warrant exercise.

As at 31 December 2019, the warrants are excluded from the potential ordinary shares since their exercise price is in excess of the fair value of the ordinary shares.

### 33. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Group is organised into business units based on their geographical (i.e., domestic and foreign) and their products and services. The Group have two business segments as follows:

1. Digital Network segment (formerly knowns as Mobile segment)  
Provision Digital Trunked Radio systems and distribution equipment, audio - visual equipment network and software systems and a mobile antenna services provider (Mobile Virtual Network Operator).
2. Digital Content segment (formerly knowns as Non-mobile segment)
  - 2.1 Provision of voice services, audiovisual or multimedia services and infotainment services through mobile phones
  - 2.2 Content provider through multimedia channels
  - 2.3 Producer of television and radio programs, printed media and billboards
  - 2.4 Provision of multimedia and interactive media services
  - 2.5 Provision of website services
  - 2.6 Provision of entertainment services as part of intelligent marketing strategy

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is set out in Note 6 to the financial statements.

The following tables present revenue and profit and total assets/total liabilities information regarding the Group' operating segments for the years ended 31 December 2019 and 2018, respectively.

(Unit: Million Baht)

	Domestic				Adjustments and eliminations		Consolidated	
	Digital network		Digital content				2019	2018
	2019	2018	2019	2018				
Sales and service income								
Sales and service income from third parties								
- Local sales and service income	462	165	476	481	-	-	938	646
Sales and service income from related parties	75	91	6	6	(20)	-	61	97
Total sales and service income	537	256	482	487	(20)	-	999	743
Cost of sales and service	486	316	342	407	(16)	2	812	725
Gross profit (loss)	51	(60)	140	80	(4)	(2)	187	18
Unallocated income (expenses):								
Other income							131	27
Selling and distribution expenses							(57)	(126)
Administrative expenses							(205)	(252)
Other expenses							(79)	(815)
Finance cost							(222)	(222)
Income tax revenue (expense)							12	(226)
Non-controlling interests of the subsidiaries							(5)	(1)
Loss for the year							(238)	(1,597)

(Unit: Million Baht)

	Domestic				Adjustments and eliminations		Consolidated	
	Digital network		Digital content		2019	2018	2019	2018
	2019	2018	2019	2018				
<b>Assets</b>								
Trade accounts receivable - net	933	1,440	41	54	(5)	(5)	969	1,489
Inventories - net	105	-	-	-	-	-	105	-
Equipment - net	2,349	2,216	277	344	(2)	(2)	2,624	2,558
Deferred tax assets	447	444	39	45	(6)	(7)	480	482
Others	2,177	2,389	258	249	(1,284)	(1,240)	1,151	1,398
Segment total assets	6,011	6,489	615	692	(1,297)	(1,254)	5,328	5,927
Segment total liabilities	5,051	5,222	201	408	(773)	(721)	4,479	4,909
Additions (decrease) to non-current assets other than financial instruments and deferred tax assets	192	1,465	(69)	(79)	(3)	(3)	120	1,383

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Revenue from contracts with customers</b>				
Sales	400	212	417	211
Service income	478	531	2	1
Revenue from contract work	121	-	79	-
Total	999	743	498	212
<b>Timing of revenue recognition:</b>				
Revenue recognised at a point in time	400	212	417	211
Revenue recognised at over time	599	531	81	1
Total revenue from contracts with customers	999	743	498	212

#### Geographic information

Revenue from external customers is based on locations of the customers.

(Unit: Million Baht)

	2019	2018
Revenue from external customers		
Thailand	987	742
Others	12	1
Total	999	743

Non-current assets (other than financial instruments and deferred tax assets)

(Unit: Million Baht)

	2019	2018
Thailand	2,795	2,675
Total	2,795	2,675

#### Major customers

For the year 2019, the Group had revenue from two major customers in amount of Baht 368 million and Baht 154 million, arising from sales by sales product, sport content services and producer of television and radio programs, printed media and billboards (2018: the Group had revenue from two major customers in amount of Baht 158 million and Baht 59 million).

### 34. Provident fund

The Company, subsidiary companies and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company and subsidiary companies contribute to the fund monthly at the rate of 3 - 10 percent of basic salary. Their employees contribute to the fund monthly at the rate of 3 - 15 percent of basic salary. The fund, which is managed by Bangkok Bank Public Company Limited and Bank of Ayudhya Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2019 amounting to approximately Baht 6 million (Separate financial statements: Baht 2 million) (2018: Baht 8 million, Separate financial statements: Baht 3 million) were recognised as expenses.



### 35. Commitments and contingent liabilities

The Group had commitments and contingent liabilities other than those disclosed in other notes to financial statements as follows:

#### 35.1 Operating lease commitments

The Group have entered into several lease agreements in respect of the lease of office building space and motor vehicles. The terms of the agreements are generally between 1 and 3 years.

Future minimum lease payments required under these operating leases contracts were as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Payable:				
In up to 1 year	14	45	3	18
In over 1 and up to 3 years	-	13	-	8

During the year 2019, the Company has no rental expenses and subleasing revenue (2018: Baht 0.2 million and Baht 0.2 million), respectively.

#### 35.2 Guarantees

##### 35.2.1 Bank guarantees

As at 31 December 2019, there were outstanding bank guarantees issued by banks on behalf of the Group of approximately Baht 16.91 million and separate financial statements: Baht 0.69 million (2018: Baht 17.99 million and separate financial statements: Baht 0.69 million), in respect of certain performance bonds as required in the normal course of business. The details of bank guarantees are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Performance guarantees	16.59	17.67	0.62	0.62
Guarantee electricity use, among others	0.32	0.32	0.07	0.07
	16.91	17.99	0.69	0.69

##### 35.2.2 Guarantees to related parties

- The Company has contingent liabilities in respect of the guarantees of subsidiaries' credit facilities provided to banks as follows:

(Unit: Million Baht)

	Guaranteed facilities	
	2019	2018
Samart Mobile Services Co., Ltd.	5	5
Zecureasia Co., Ltd.	-	10
Samart Mobile Services Co., Ltd., Zecureasia Co., Ltd. and Teleconnext Co., Ltd. (joint use the same facilities with the Company)	-	1,785
I-Sport Co., Ltd.	12	12
I-Sport Co., Ltd. and Siam Sport Television Co., Ltd.	51	51
Siam Sport Television Co., Ltd.	2	2

These guarantees are effective for as long as the underlying obligations have not been discharged by those subsidiaries.

2. As at 31 December 2019, I-Sport Co., Ltd. a subsidiary company was guarantor for Siam Sport Television Co., Ltd., a subsidiary company of I-Sport Co., Ltd. regarding the finance lease agreement between Siam Sport Television Co., Ltd. and Samart Comtech Co., Ltd., a related company. The contingent liabilities is amounting to Baht 212 million (2018: Baht 266 million).

### 35.3 Commitments in uncalled portions of investments

As at 31 December 2019, the Company has outstanding commitment in respect of uncalled portions of investment in its local subsidiary of approximately Baht 3 million (2018: Baht 3 million).

### 35.4 Other commitments

- 35.4.1 On 22 February 2017, TOT Public Co., Ltd. submitted a letter to the NBTC to notify the NBTC of the cancellation of the cooperation under the Memorandum of Understanding with respect to 3G mobile phone service trial project prior to notifying the cancellation to I-Mobile Plus Company Limited, a subsidiary company. On 1 March 2017, the subsidiary company submitted a letter to TOT Public Co., Ltd. and the NBTC to notify of the termination of i-mobile 3GX service because the 3GX cellular phone system was frequently disrupted and TOT Public Co., Ltd. was unable to permanently fix the problem. In addition, TOT Public Co., Ltd. has not expanded its base station following its business plan in order to expand the coverage across the country. However, the subsidiary company has prepared a recovery plan for users of i-mobile 3GX service in accordance with the conditions imposed by the NBTC. Subsequently, on 22 June 2017, the NBTC submitted to the subsidiary a letter of the termination of the Telecommunications Business License type 1 and agreed with the company's recovery plan for the users of i-mobile 3GX. Subsequently, on 7 July 2017, the subsidiary submitted a letter notifying the NBTC that it had jointly concluded with TOT Public Company Limited that the date of discontinuing the i-mobile 3GX service would be 18 July 2017.

I-Mobile Plus Company Limited, a subsidiary company has been notified by TOT Public Co., Ltd. regarding the payment for Home Location Register (HLR) amounting to Baht 19.0 million (2018: Baht 19.0 million). However, the management and the legal department of a subsidiary company were of the opinion that a subsidiary company was not liable to such payment because the data storage on HLR did not reach the quota specified in the agreement. At present, a subsidiary company filed a complaint to the Civil Court and it is pending the Civil Court consideration. In this regard, as at 31 December 2019 and 2018 a subsidiary company did not set up a provision in the account.

- 35.4.2 The Group companies entered into the service agreements with various companies between 1 and 3 years. The Group companies have to pay a monthly facility service fee at the rate stipulated in the agreements.
- 35.4.3 On 10 March 2017, the Company entered into an agreement to enter into a consortium with Samart Communication Services Co., Ltd. named SISC Consortium, for the purpose of entering into an alliance service agreement for Digital Trunked Radio System with CAT Telecom Public Co., Ltd. The Company was appointed as the lead company of SISC Consortium and is authorized to act on behalf of SISC Consortium. The agreement is effective from the date that the agreement is signed and will terminate when SISC Consortium has fully discharged its responsibilities under the agreement. The Company is obliged to comply with certain conditions and pay fees for the project as stated in the agreement.

Subsequently, on 24 August 2017, SISC Consortium entered into a business alliance agreement with CAT Telecom Public Co., Ltd. in order to increase its capability to provide Digital Trunked Radio System (DTRS) services. The agreement terminates on 31 July 2025.

On 2 October 2017, the Company entered into a three-year agreement with CAT Telecom Public Co., Ltd. to resell digital trunked radio system services to end-users. Under the terms of the agreement, the Company is obliged to pay minimum wholesale service fees at a stipulated rate.

- 35.4.4 On 18 December 2018, the Company entered into an agreement to enter into a consortium with Samart Telcoms Public Co, Ltd. named SS Consortium, for the purpose of entering into a price proposal of Mobile Switching Office equipment for Digital Trunked Radio System with CAT Telecom Public Co., Ltd. The Company was appointed as the lead company of SS Consortium and is authorized to act on behalf of SS Consortium. The agreement is effective from the date that the agreement is signed and will terminate when SS Consortium has fully discharged its responsibilities under the sale agreement or the SS Consortium's price proposal has not accomplished. The Company is obliged to comply with certain conditions and pay fees for the project as stated in the agreement.

Subsequently, on 26 December 2018, SS Consortium entered into a sales agreement with CAT Telecom Public Co., Ltd. to sell Mobile Switching Office equipment. The agreement will terminate when SS Consortium has fully discharged its responsibilities under the sale agreement with CAT Telecom Public Co., Ltd.

- 35.4.5 As at 31 December 2019, the Company is committed to a company relating to provide equipment, computer system and software. The commitment will terminate when the Company completely deliver the equipment to the aforementioned company.

### 35.5 Capital commitment

As at 31 December 2019, the Company has capital commitment of approximately USD 19.6 million or equivalent to Bath 594 million and Baht 506 million regarding the purchasing of equipment for Digital Trunked Radio System (DTRS) services (2018: USD 22.9 million or equivalent to Bath 748 million and Baht 548 million).

As at 31 December 2019, Thai Base Station Co., Ltd., a subsidiary company has capital commitment of approximately Bath 100 million regarding the purchasing of equipment and installing for telecommunication tower service for Tower-Co project (2018: Bath 248 million).

## 36. Fair value hierarchy

The Group had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	Level 1		Level 2		Total	
	2019	2018	2019	2018	2019	2018
<b>Assets measured at fair value</b>						
Held for trade investments						
Equity instruments	1	2	-	-	1	2
Investment held-for-sale						
Equity instruments	5	-	-	-	5	-
Available-for-sale investments						
Equity instruments	15	18	-	-	15	18
Derivatives						
Foreign currency forward contracts	-	-	-	1	-	1

(Unit: Million Baht)

	Separate financial statements					
	Level 1		Level 2		Total	
	2019	2018	2019	2018	2019	2018
<b>Assets measured at fair value</b>						
Held for trade investments						
Equity instruments	1	2	-	-	1	2
Available-for-sale investments						
Equity instruments	15	13	-	-	15	13
Derivatives						
Foreign currency forward contracts	-	-	-	1	-	1

## 37. Financial instruments

### 37.1 Financial risk management

The Group's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, loans, investments; and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed are described below.

#### **Credit risk**

The Group is exposed to credit risk primarily with respect to trade and other receivables and loans. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Group do not have high concentration of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables and loans as stated in the statement of financial position.

#### **Interest rate risk**

The Group's exposure to interest rate risk relates primarily to their cash at banks, bank overdrafts, short-term and long-term borrowings. Most of the Groups' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date.

(Unit: Million Baht)

	Consolidated financial statements									
	Fixed interest rates			Floating interest rate		Non-interest bearing		Total		
	Within 1 year		1 - 5 years							
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
<b>Financial assets</b>										
Cash and cash equivalents	-	-	-	-	215	374	-	-	215	374
Temporary investments	-	-	-	-	-	-	1	2	1	2
Investment held-for-sale	-	-	-	-	-	-	5	-	5	-
Trade and other receivables	-	-	-	-	-	-	992	1,530	992	1,530
Restricted bank deposits	104	104	-	-	-	-	-	-	104	104
Available-for-sale investments	-	-	-	-	-	-	15	18	15	18
	104	104	-	-	215	374	1,013	1,550	1,332	2,028
<b>Financial liabilities</b>										
Short-term loans from banks	2,290	2,649	-	-	-	-	-	-	2,290	2,649
Trade and other payables	-	-	-	-	-	-	602	905	602	905
Short-term loans from unrelated parties	22	22	-	-	-	-	-	-	22	22
Long-term loans from financial institutions	-	-	-	-	1,176	1,052	-	-	1,176	1,052
Liabilities under finance lease agreements	74	37	123	208	-	-	-	-	197	245
	2,386	2,708	123	208	1,176	1,052	602	905	4,287	4,873

Effective interest rates of financial assets and liabilities were separately shown in related notes to financial statements.

(Unit: Million Baht)

	Separate financial statements							
	Fixed interest rates Within 1 year		Floating interest rate		Non-interest bearing		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
<b>Financial assets</b>								
Cash and cash equivalents	-	-	95	322	-	-	95	322
Temporary investments	-	-	-	-	1	2	1	2
Trade and other receivables	-	-	-	-	940	1,454	940	1,454
Short-term loans to related parties	-	-	110	79	-	-	110	79
Restricted bank deposits	104	104	-	-	-	-	104	104
Available-for-sale investments	-	-	-	-	15	13	15	13
	104	104	205	401	956	1,469	1,265	1,974
<b>Financial liabilities</b>								
Short-term loans from banks	2,255	2,599	-	-	-	-	2,255	2,599
Trade and other payables	-	-	-	-	440	725	440	725
Short-term loans from related parties	-	-	493	493	-	-	493	493
Long-term loans from financial institutions	-	-	1,176	1,052	-	-	1,176	1,052
	2,255	2,599	1,669	1,545	440	725	4,364	4,869

Effective interest rates of financial assets and liabilities were separately shown in related notes to financial statements.

### Foreign currency risk

The Group's exposure to foreign currency risk arise mainly from trading transactions and borrowings that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when they consider appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies were summarised below.

Foreign currency	Consolidated financial statements/Separate financial statements		Exchange rate as at 31 December	
	2019	2018	2019	2018
	(Million)		(Baht per 1 foreign currency unit)	
<b>Financial assets</b>				
US dollar	3.91	3.90	29.9767	32.2848
<b>Financial liabilities</b>				
US dollar	2.56	13.45	30.3313	32.6148

As at 31 December 2019 and 2018, the Company had the following outstanding forward exchange contracts:

31 December 2019			
Foreign currency	Consolidated financial statements/Separate financial statements (Million)	Contractual exchange rate (Baht per 1 foreign currency unit)	Contractual maturity date
<b>Bought amount</b>			
US dollar	1.5	30.1800 - 30.3625	April 2020

31 December 2018			
Foreign currency	Consolidated financial statements/Separate financial statements (Million)	Contractual exchange rate (Baht per 1 foreign currency unit)	Contractual maturity date
<b>Bought amount</b>			
US dollar	4.27	32.2550 - 32.5441	March 2019 - June 2019
<b>Sold amount</b>			
US dollar	1.10	32.5075	April 2019

### 37.2 Fair values of financial instruments

Since the majority of the Groups' financial instruments are short-term in nature or bear floating interest rate, their fair value is not expected to be materially different from the amounts presented in statement of financial position.

## 38. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2019, the Group's debt-to-equity ratio was 5.3:1 (2018: 4.8:1) and the Company's was 6.1:1 (2018: 5.3:1).

### 39. Events after the reporting period

On 7 February 2020, the meeting of the Board of Directors of Samart Digital Media Company Limited, a subsidiary company, passed a resolution to accept a tender offer to purchase all shares of Siam Sport Syndicate Plc. for 29,150,379 shares with a price of Baht 0.17 per share, totaling Baht 4.95 million. This was because Siam Sport Syndicate Plc. is currently in the process for delisting the securities of its company from the Stock Exchange of Thailand. The subsidiary company received full settlement of such securities on 20 February 2020.

### 40. Reclassification

The Company reclassified accounts in the statement of financial position as at 31 December 2018 to conform with current period's classification as follows:

(Unit: Thousand Baht)

	Statement of financial position as at 31 December 2018	
	As reclassified	As previously reported
Trade and other receivables	1,436,459	1,453,650
Short-term loans	78,956	205,500
Investment in subsidiaries	739,092	561,990
Liabilities for investment in subsidiaries under equity method	33,367	-

The reclassifications had no effect to previously reported net loss or shareholders' equity.

### 41. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised directors on 24 February 2020.



## Remuneration of the Auditors

### 1) Audit Fee

In 2019, the Company and subsidiaries paid audit fees to the auditors from EY Office Limited amounting to Baht 2,500,000 and 2,930,000 respectively. In addition, the Company and subsidiaries paid out of pocket expenses relating to audit work such as traveling expenses, photocopy expenses and others totaling Baht 209,458.31.

### 2) Non-Audit Fee

In 2019, there was no other fee paid to the Company and subsidiaries' auditors from EY Office Limited.

# Directors, Management, Controlling Person, Company Secretary and Head of Internal Audit

As of December 31, 2019

Name-Surname / Position / Appointment Date	Age	Education / Training	Shareholding in Company* (%)	Relationship	Working Experience last 5 years			
					During	Position	Company / Department	
1. Mr. Piyapan Champasut <ul style="list-style-type: none"><li>Chairman of the Board</li><li>Independent Director</li><li>Audit Committee Member</li></ul>	71	- Honorary Doctorate of Philosophy, Ramkhamhaeng University	None	None	Mar. 2016-Present	Chairman of the Board of Directors / Independent Director / Audit Committee Member	Samart Digital Plc.**	
		- Honorary Master of Laws, Ramkhamhaeng University						
		- Honorary Master of Arts (Public Administration), the National Institute of Development Administration (NIDA)			2009-2011	<b>Position in other listed companies</b> Chairman of the Board of Directors	Airports of Thailand Public Company Limited (AOT)	
		- Bachelor of Laws, Chulalongkorn University						
		<b>Training courses:</b> 2018 Environmental Governance for Executive Office (Class 6) Department of Environmental Quality Promotion (DEQP) 2018 Advanced Master of Management Program (AMM ) (Class 1) Public Administration, NIDA 2008 Chief Information Office (Class 5) National Electronics and Computer Technology Center (NECTEC)			2012 - Present	<b>Position in non-listed companies</b> Chairman of the Board of Directors	Terabyte Net Solution Public Company Limited	
					1996 - Present 2008-2011 2006-2011	Chairman of the Board of Directors Chairman of the Board of Directors Chairman of the Board of Directors	P S Member Co., Ltd. Bangkok Mass Transit Authority The Transport Co., Ltd.	
		<b>Training courses from Thai Institute of Directors Association (IOD):</b> 2008 Director Certification Program (DCP)						
Appointment Date : March 1, 2016								

Remarks: \* Includes holding by spouse and minor children. (See the securities holding information in the topic of "Corporate Governance" under the item of "4. Disclosure and Transparency")  
 \*\* Formerly known as Samart I-Mobile Public Company Limited.

Name-Surname / Position / Appointment Date	Age	Education / Training	Shareholding in Company* (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
<b>2. Dr. Chotivud Chayavadhanakur</b> <ul style="list-style-type: none"> <li>Independent Director</li> <li>Chairman of the Audit Committee</li> <li>Chairman of the Corporate Governance Committee</li> <li>Nominating and Compensation Committee Member</li> </ul>	72	<ul style="list-style-type: none"> <li>Doctorate of Ph.D. in Electrical Engineering, University of Minnesota, USA</li> <li>Master Degree in M.S. Electrical Engineering, University of Minnesota, USA</li> <li>Bachelor Degree in Engineering (1st Class Honour), Chulalongkorn University</li> </ul> <b>Training courses:</b> 2019 Sustainability in the Digital Age, EY Office Limited  <b>Training courses from Thai Institute of Directors Association (IOD):</b> 2004 Director Accreditation Program (DAP)	0.08 (9,000,000 shares)	None	2009 - Present 2003 - 2009 2003 - Present 2008 - Present	Chairman of the Audit Committee Audit Committee Member Independent Director Chairman of the Corporate Governance Committee Nominating and Compensation Committee Member	Samart Digital Plc.** Samart Digital Plc.** Samart Digital Plc.** Samart Digital Plc.** Samart Digital Plc.**
					2005 - Present 2005 - Present 2002 - Present	<b>Position in other listed companies</b>  <b>Position in non-listed companies</b> Director Director Chairman of the Board of Directors	-  Greens Spot Co., Ltd. BITIC Co., Ltd. Bangkok Servex Co., Ltd.
<b>3. Mr. Kunthit Arunyananda</b> <ul style="list-style-type: none"> <li>Independent Director</li> <li>Audit Committee Member</li> <li>Chairman of the Nominating and Compensation Committee</li> <li>Corporate Governance Committee Member</li> </ul>	53	<ul style="list-style-type: none"> <li>Mini MBA, Business Administration, Thammasat University</li> <li>Bachelor Degree in Accounting, The Rajamongkol Institute of Technology</li> </ul> <b>Training courses from Thai Institute of Directors Association (IOD):</b> 2004 Director Certification Program (DCP)	0.01 (800,000 shares)	None	2009 - Present 2008 - 2009 2003 - Present 2008 - Present 2005 - 2008	Chairman of the Nominating and Compensation Committee Nominating and Compensation Committee Member Independent Director / Audit Committee Member Corporate Governance Committee Member Chairman of the Corporate Governance Committee	Samart Digital Plc.** Samart Digital Plc.** Samart Digital Plc.** Samart Digital Plc.** Samart Digital Plc.**
					2014 - Present 2001 - Present	<b>Position in other listed companies</b> Executive Director  <b>Position in non-listed companies</b> Director	Kuang Pei San Food Products Plc.  Sam Nak - Ngan A.M.C. Co., Ltd.

Remarks: \* Includes holding by spouse and minor children. (See the securities holding information in the topic of "Corporate Governance" under the item of "4. Disclosure and Transparency")

\*\* Formerly known as Samart I-Mobile Public Company Limited.

Name-Surname / Position / Appointment Date	Age	Education / Training	Shareholding in Company* (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
4. Mr. Charoenrath Vialluck • Director • Risk Management Committee Member	59	- Bachelor Degree in Electrical Engineering The University of Newcastle, Australia  <b>Training courses:</b> 2019 Health Ambassador (Class 2) Chulabhorn Royal Academy, Chulabhorn Research Institute 2018 Advanced Master of Management Program (AMM ) (Class 1) Public Administration, NIDA 2017 Top Executive Program in Energy Literacy for a Sustainable Future (Class 10), Thailand Energy Academy (TEA) 2014 Leadership Program (class 19), Capital Market Academy (CMA) 2012 Chief Executive Course for Urban Development Management (Class 1), Urban Green Development Institute Bangkok 2005 - 2006 National Defence course for the joint State-Private Sectors (Class 18), National Defence College of Thailand  <b>Training courses from Thai Institute of Directors Association (IOD):</b> 2004 Director Certification Program (DCP) 2004 Director Accreditation Program (DAP)	None	Mr. Watchai's and Mrs. Sukanya's elder brother	May 2016-Present 2003 - Present	Risk Management Committee Member Director	Samart Digital Plc.** Samart Digital Plc.**
					2008 - Present 1995 - Present 1993 - Present May 2016-Present 1996 - Present 2013 - Jan 2019	<b>Position in other listed companies</b> Chairman of the Risk Management Committee Executive Chairman & CEO Director Risk Management Committee Member Director / Executive Director Director / Executive Director / Risk Management Committee Member  <b>Position in non-listed companies</b> Director / Executive Director  Director  Director	Samart Corporation Plc. Samart Corporation Plc. Samart Corporation Plc. Samart Telecoms Plc. Samart Telecoms Plc. One to One Contacts Plc.  Samart Aviation Solutions Plc.*** (On process of being listed in SET) Vialluck International Holding Co., Ltd. and its subsidiaries Related Companies of Samart Digital Plc.** (as shown in the Position of Directors and Management of the Company in Subsidiaries and Related Companies)

Appointment Date: September 30, 2003

Remarks: \* Includes holding by spouse and minor children. (See the securities holding information in the topic of "Corporate Governance" under the item of "4. Disclosure and Transparency")

\*\* Formerly known as Samart I-Mobile Public Company Limited.

\*\*\* Formerly known as Samart Transolutions Co., Ltd.

Name-Surname / Position / Appointment Date	Age	Education / Training	Shareholding in Company* (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
<b>5. Mr. Watchai Vilalluck</b> <ul style="list-style-type: none"> <li>Authorized Director</li> <li>Chief Executive Officer</li> <li>Executive Chairman</li> <li>Chairman of the Risk Management Committee</li> </ul>	57	- Bachelor Degree in Accounting, Faculty of Commerce and Accounting, Thammasat University  <b>Training courses:</b> 2019 Top Executive Program for Creative & Amazing Thai Service (Class 1), The Thai Chamber of Commerce University 2018 Ultra Wealth Group (Class 4), Capital Market Academy 2018 Top Executive Program in Commerce and Trade (TapCot) (Class 11), The Thai Chamber of Commerce University 2018 Advanced Master of Management Program (AMM) (Class 2), National Institute of Development Administration (NIDA) 2017 CMA-GMS International Program (Class 3), Capital Market Academy 2017 Academy of Business Creativity (ABC) (Class 6), Sripatum University 2015 Top Executive Program in Energy Literacy for a Sustainable Future (Class 6), Thailand Energy Academy (TEA) 2015 Top Executive Program in Industrial development and Investment (Class 2), Institute of Business and Industrial Development (IBID) 2013 - 2014 The 5 <sup>th</sup> Training Course on Administrative Justice for Executives, Institute of Administrative Justice, The Office of the Administrative Courts of Thailand	0.21 (23,343,000 shares)	Mr. Charoenrath's younger brother and Mrs. Sukanya's elder brother	Nov. 2016-Present	Chief Executive Officer / Executive chairman / Chairman of the Risk Management Committee	Samart Digital Plc.**
					2003 - Present	Director	Samart Digital Plc.**
					2003 - Dec. 2015	Chief Executive Officer / Executive Chairman	Samart Digital Plc.**
					2005 - Dec. 2015	Chairman of the Risk Management Committee	Samart Digital Plc.**
					<b>Position in other listed companies</b>		
					Nov. 2016-Present	Head of Digital LOB	Samart Corporation Plc.
					May 2014-Present	Acting Chief Operating Officer of Call Center LOB	Samart Corporation Plc.
					Present	Acting Chief Operating Officer of Utilities and transportations LOB and Technology Related Services LOB	Samart Corporation Plc.
					2013 - Present	Chairman of the Sustainable Development Committee	Samart Corporation Plc.
					2004 - Present	Risk Management Committee Member	Samart Corporation Plc.
					2000 - Present	President	Samart Corporation Plc.
					1993 - Present	Director / Executive Director	Samart Corporation Plc.
					May 2016-Present	Chairman of the Risk Management Committee Member	Samart Telcoms Plc.
					2000 - Present	Executive Chairman / Chief Executive Officer	Samart Telcoms Plc.
					1996 - Present	Director	Samart Telcoms Plc.
					May 2016-Present	Executive Committee Member	One to One Contacts Plc.
					2013 - Present	Director/ Chairman of the Risk Management Committee	One to One Contacts Plc.
					2013 - May 2016	Executive Chairman	One to One Contacts Plc.

Remarks: \* Includes holding by spouse and minor children. (See the securities holding information in the topic of "Corporate Governance" under the item of "4. Disclosure and Transparency")

\*\* Formerly known as Samart I-Mobile Public Company Limited.

Name-Surname / Position / Appointment Date	Age	Education / Training	Shareholding in Company* (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
5. Mr. Watchai Vilailuck (cont.)		2013 ASEAN Executive Management Programme (Class 2), The Secretariat of the Prime Minister, Office of the Civil Service Commission (OCSC), Office of the National Economic and Social Development Board, Ministry of Foreign Affairs and Sasin Graduate Institute of Business Administration, Chulalongkorn University  2011 - 2012 The Programme for Senior Executive on Justice Administration Batch 15, National Justice Academy  2010 - 2011 Leadership Program (Class 11), Capital Market Academy (CMA)  2008-2009 National Defence for The Joint State- Private Sector Course (Class 21), National Defence College of Thailand  2000 Strategic Planning & Implementation Program University of Michigan Business School (Executive Education Center), Singapore  1985 Management Program, United Kingdom  <b>Training courses from Thai Institute of Directors Association (IOD):</b> 2004 Director Accreditation Program (DAP)			2018 - Present  1993 - Present  Present	<b>Position in non-listed companies</b> Director / Executive Director  Director  Director	Samart Aviation Solutions Plc.*** (On process of being listed in SET) Vilailuck International Holding Co., Ltd. and its subsidiaries Subsidiaries and Related Companies of Samart Digital Plc.** (as shown in the Position of Directors and Management of the Company in Subsidiaries and Related Companies)
					Appointment Date: September 30, 2003		

Remarks: \* Includes holding by spouse and minor children. (See the securities holding information in the topic of "Corporate Governance" under the item of "4. Disclosure and Transparency")

\*\* Formerly known as Samart I-Mobile Public Company Limited.

\*\*\* Formerly known as Samart Transolutions Co., Ltd.

Name-Surname / Position / Appointment Date	Age	Education / Training	Shareholding in Company* (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
6. Mrs. Sukanya Vanichjakkong <ul style="list-style-type: none"><li>Authorized Director</li><li>Executive Director</li><li>Risk Management Committee Member</li><li>Corporate Governance Committee Member</li><li>Nominating and Compensation Committee Member</li><li>Chairman of the Sustainable Development Committee</li></ul>	53	- Master Degree in International Marketing, Chuo University Tokyo, Japan	0.13 (14,900,000 shares)	Mr. Charoenrath's and Mr. Watchai's younger sister	May 2016-Present	Corporate Governance Committee Member / Nominating and Compensation Committee Member	Samart Digital Plc.**
		- Bachelor Degree in Journalism and Mass Communication, Thammasat University			Nov. 2015-Present	Director / Executive Director/ Chairman of the Sustainable Development Committee / Risk Management Committee Member	Samart Digital Plc.**
		<u>Training courses:</u>			Nov. 2015-May 2018	President	Samart Digital Plc.**
		2019 Chief Transformation Officer (CTO), The Market for Alternative Investment (MAI) Leadership Program (Class 28), Capital Market Academy (CMA)			<u>Position in other listed companies</u>		
		2018 Tourism Management Program for Executives (TME) (Class 2), TAT Academy			June 2018-Present	Managing Director	One to One Contacts Plc.
		2017 Top Executive Program in Commerce and Trade (TEPCoT) (Class 10), The Thai Chamber of Commerce University			May 2016-Present	Executive Chairman	One to One Contacts Plc.
		2016 Advanced Security Management Program, (Class 8), National Defense College			May 2016-Present	Sustainable Development Committee Member	Samart Corporation Plc.
		2014 The 6 <sup>th</sup> Training Course on Administrative Justice for Executives, Institute of Administrative Justice, The Office of the Administrative Courts of Thailand			2013-Present	Director / Risk Management Committee Member / Chairman of the Sustainable Development Committee	One to One Contacts Plc.
		<u>Training courses from Thai Institute of Directors Association (IOD):</u>			Present	<u>Position in non-listed companies</u>	Subsidiaries and Related Companies of Samart Digital Plc.**
		2013 Director Certification Program (DCP)				Director	(as shown in the Position of Directors and Management of the Company in Subsidiaries and Related Companies)

Appointment Date: November 12, 2015

Remarks: \* Includes holding by spouse and minor children. (See the securities holding information in the topic of "Corporate Governance" under the item of "4. Disclosure and Transparency")

\*\* Formerly known as Samart I-Mobile Public Company Limited.

Name-Surname / Position / Appointment Date	Age	Education / Training	Shareholding in Company* (%)	Relationship	Working Experience last 5 years			
					During	Position	Company / Department	
7. Mrs. Sumonthip Srimek <ul style="list-style-type: none"><li>• Vice President - Account</li><li>• Executive Committee Member</li><li>• Sustainable Development Committee Member</li><li>• The Person Supervising Accounting</li></ul>	60	<div>- Master Degree, Business Administration, Kasetsart University</div> <div>- Bachelor Degree in Accounting, Chiang Mai University</div> <div><b>Training courses (External):</b></div> <div>2019 Update Tax and Accounting</div> <div>2019 Digital Accounting</div> <div>2018 Thai Financial Reporting Standards of Financial Instruments (IAS 32, TFRS 7)</div> <div>2018 Update Tax and Accounting</div> <div>2018 All Thai Financial Reporting Standards (All TFRS)</div> <div><b>Training courses (In-House):</b></div> <div>2019 Thai Financial Reporting Standards Revenue from Contract with Customers (TFRS 9 and TFRS 16)</div> <div>2019 Accounting Standards 12</div> <div>2018 Thai Financial Reporting Standards of Revenue from Contract with Customers (TFRS 15)</div>	None	None	May 2019 - Present	Executive Committee Member / Sustainable Development Committee Member	Samart Digital Plc.**	
					2004 - Present	Vice President - Account	Samart Digital Plc.**	
Appointment Date: September 30, 2003								
8. Mr. Suchat Satprasert <ul style="list-style-type: none"><li>• Vice President - Digital Network</li><li>• Executive Committee Member</li><li>• Sustainable Development Committee Member</li></ul>	53	<div>- Master Degree in Business Administration, the National Institute of Development Administration (NIDA)</div> <div>- Bachelor Degree in Electronic Engineering, King Mongkut's Institute of Technology Ladkrabang</div>	None	None	May 2019 - Present	Executive Committee Member/ Sustainable Development Committee Member	Samart Digital Plc.**	
					Jul. 2017 - Present	Vice President - Digital Network	Samart Digital Plc.**	
Appointment Date: July 1, 2017								
					2007 - Jun.2017	<b>Position in non-listed companies</b> Assistant Vice President	Samart Communication Service Co., Ltd.	

Remarks: \* Includes holding by spouse and minor children. (See the securities holding information in the topic of "Corporate Governance" under the item of "4. Disclosure and Transparency")

\*\* Formerly known as Samart I-Mobile Public Company Limited.



Name-Surname / Position / Appointment Date	Age	Education / Training	Shareholding in Company* (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
9. Mr. Hiran Phanbanlaem <ul style="list-style-type: none"><li>• Assistant Vice President - Finance</li><li>• Executive Committee Member</li><li>• Sustainable Development Committee Member</li><li>• The Person Taking The Highest Responsibility in Accounting and Finance</li></ul>	56	<ul style="list-style-type: none"><li>- Master Degree in Business Administration, with major in Finance, Ramkhamhaeng University</li><li>- Bachelor of Business Administration (General Management), Sukhothai Thammathirat Open University</li></ul> <b>Training courses (External):</b> <ul style="list-style-type: none"><li>2019 TLCA CFO Professional Development Program (TLCA CFO CPD)</li><li>2019 Information law e-Payment</li><li>2019 Thai Financial Reporting Standards Revenue from Contract with Customers 16</li><li>2019 Insight Financial Management</li></ul> <b>Training courses (In-House):</b> <ul style="list-style-type: none"><li>2019 Thai Financial Reporting Standards Revenue from Contract with Customers (TFRS 9 and TFRS 16)</li><li>2018 Opportunities to increase returns for choosing Aproxident fund</li><li>2018 Thai Financial Reporting Standards Revenue from Contract with Customers (TFRS 15)</li></ul>	0.00 (20,000 shares)	None	May 2019 - Present	Executive Committee Member/ Sustainable Development Committee Member	Samart Digital Plc.**
					2015 - Present 2012 - 2014	Assistant Vice President - Finance Sr. Manager Finance	Samart Digital Plc.** Samart Digital Plc.**
Appointment Date: July 1, 2017						<b>Position in other listed companies</b> -  <b>Position in non-listed companies</b> -	
10. Miss Boonrut Mongkolratanakorn <ul style="list-style-type: none"><li>• Company Secretary</li><li>• Sustainable Development Committee Member</li><li>• Secretary to Sub-Committees</li></ul>	57	<ul style="list-style-type: none"><li>- Mini MBA, Business Administration, Thammasat University</li><li>- Bachelor Degree in Accounting, Thammasat University</li></ul> <b>Training courses:</b> <ul style="list-style-type: none"><li>2003 Law and regulations for Company Secretary, Chulalongkorn University</li><li>2003 Internal Auditing Certificate Program, Federation of Accounting Professions</li><li>1986 Graduation certificate in Advanced Accounting, Thammasat University</li></ul> (Please see details of training courses in 2019 in "Management Structure" under topic "Company Secretary")	0.00 (70,000 shares)	None	Nov. 2013-Present	Sustainable Development Committee Member	Samart Digital Plc.**
					2003-Present 2003-July 2013 and Nov. 2018-July 2019	Company Secretary/ Secretary to Sub-Committees Head of Internal Audit/ Secretary to the Audit Committee	Samart Digital Plc.** Samart Digital Plc.**
Appointment Date: October 31, 2003						<b>Position in other listed companies</b> -  <b>Position in non-listed companies</b> -	

Remarks: \* Includes holding by spouse and minor children. (See the securities holding information in the topic of "Corporate Governance" under the item of "4. Disclosure and Transparency")

\*\* Formerly known as Samart I-Mobile Public Company Limited.

Name-Surname / Position / Appointment Date	Age	Education / Training	Shareholding in Company* (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
111. Mr. Wichai Rongkawilitt <ul style="list-style-type: none"><li>• Head of Internal Audit</li><li>• Secretary to the Audit Committee</li><li>• Secretary to the Risk Management Committee</li></ul>	53	- Bachelor degree in Accounting, Dhurakij Pundit University	None	None	Aug. 2019-Present	Head of Internal Audit/ Secretary to the Audit Committee/ Secretary to the Risk Management Committee	Samart Digital Plc.**
		<b>Training courses (External):</b>			2015-Oct. 2018	Internal Audit Manager/ Secretary to the Audit Committee	Samart Digital Plc.**
		2018 Fraud Audit, The Institute of Internal Auditors of Thailand (IIAT)					
		2018 The Connected Transaction, The Securities and Exchange Commission, Thailand					
		2016 Training Confirmation Letter : Operation System Windows 10					
		2016 CG Forum 3/2016 Prevention and Control of Corporate Corruption					
		2015 Fraud case study and Knowledge sharing for Internal Auditor					
		2015 Fraud Risk Management (FRM)					
		2014 Fraud Audit, The Institute of Internal Auditors of Thailand (IIAT)					
		2014 Audit Techniques for Internal Audit					
		2014 Development Plan for Internal Audit					
2014 COSO 2013Internal Control - Integrated Framework Update, Federation of Accounting Professions							
<b>Training courses (In-House):</b>							
2019 Thai Financial Reporting Standards of Revenue from Contract with Customers TFRS 9 and TFRS 16)							
2019 Tax Planning							
Appointment Date: August 13, 2019							

Remarks: \* Includes holding by spouse and minor children. (See the securities holding information in the topic of "Corporate Governance" under the item of "4. Disclosure and Transparency")

\*\* Formerly known as Samart I-Mobile Public Company Limited.



## Board of Directors and Committees

As of December 31, 2019

Directors / Committees' / Members	Board of Directors	Executive Committee	Audit Committee	Risk Management Committee	Corporate Governance Committee	Nominating and Compensation Committee	Sustainable Development Committee
1. Mr. Piyan Chamrasut	X		/				
2. Dr. Chotivid Chayavadhanangkur	/		X		X	/	
3. Mr. Kunthit Arunyakanda	/		/		/	X	
4. Mr. Charoenrath Vilailuck	/			/			
5. Mr. Watchai Vilailuck	/	X		X			
6. Mrs. Sukanya Vanichjakvong	/	/		/	/	/	X
7. Mrs. Sumonthip Srimek		/					/
8. Mr. Suchat Satprasert		/					/
9. Mr. Hiran Phanbanaem		/					/
10. Miss Boonrut Mongkolratanakorn							/

Remarks: x = Chairman / = Director

## General and Other Information

### Samart Digital Public Company Limited

<b>Company</b>	: <b>Samart Digital Public Company Limited</b>
Head Office	: 99/2 Moo 4, Software Park, 34 Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120
Registration No.	: 0107546000318
Home Page	: <a href="http://www.samartdigital.com">www.samartdigital.com</a>
Telephone	: 0-2502-6000
Fax.	: 0-2502-6361
Registered Capital	: Baht 1,540,087,500
Paid-up Capital	: Baht 1,132,442,321.80
Number of Issued Shares	: 11,324,423,218 shares
Par Value	: Baht 0.10 per share

### Other References

<b>Company Registrar</b>	: <b>Thailand Securities Depository Company Limited</b>
Head Office	: 93 The Stock Exchange of Thailand Building, Rachadapisek Road, Dindaeng, Bangkok 10400
Telephone	: 0-2009-9000
Fax.	: 0-2009-9991
<b>Auditor</b>	: <b>Mrs. Sarinda Hirunprasurtwutti</b>
	Certified Public Accountant (Thailand) No. 4799
Head Office	: EY Office Limited 33 <sup>rd</sup> Floor, Lake Rachada Office Complex 193/136-137 Rachadapisek Road, Klongtoey, Bangkok 10110
Telephone	: 0-2264-9090
Fax.	: 0-2264-0789-90
<b>Company Secretary</b>	: <b>Ms. Boonrut Mongkolratanakorn</b>
Email	: <a href="mailto:CorporateSecretary@samartdigital.com">CorporateSecretary@samartdigital.com</a>
Telephone	: 0-2502-6871
Fax.	: 0-2502-6361
<b>Internal Audit</b>	: <b>Mr. Wichai Rongkawilit</b>
Email	: <a href="mailto:InternalAudit@samartdigital.com">InternalAudit@samartdigital.com</a>
Telephone	: 0-2502-6190
Fax.	: 0-2502-6361

More information, please see the Annual Information Disclosure of the Company (Form 56-1) on the Company's website ([www.samartdigital.com](http://www.samartdigital.com)), the SEC's website ([www.sec.or.th](http://www.sec.or.th)) and the SET's website ([www.set.or.th](http://www.set.or.th)).



# **SAMART** *Digital*



**SAMART DIGITAL PUBLIC COMPANY LIMITED**  
99/2 Moo 4, Software Park, 34 Fl.,  
Chaengwattana Rd., Klong Gluar, Pak-Kred,  
Nonthaburi 11120 Tel: 662-502-6000 Fax: 662-502-6361  
[www.samartdigital.com](http://www.samartdigital.com)